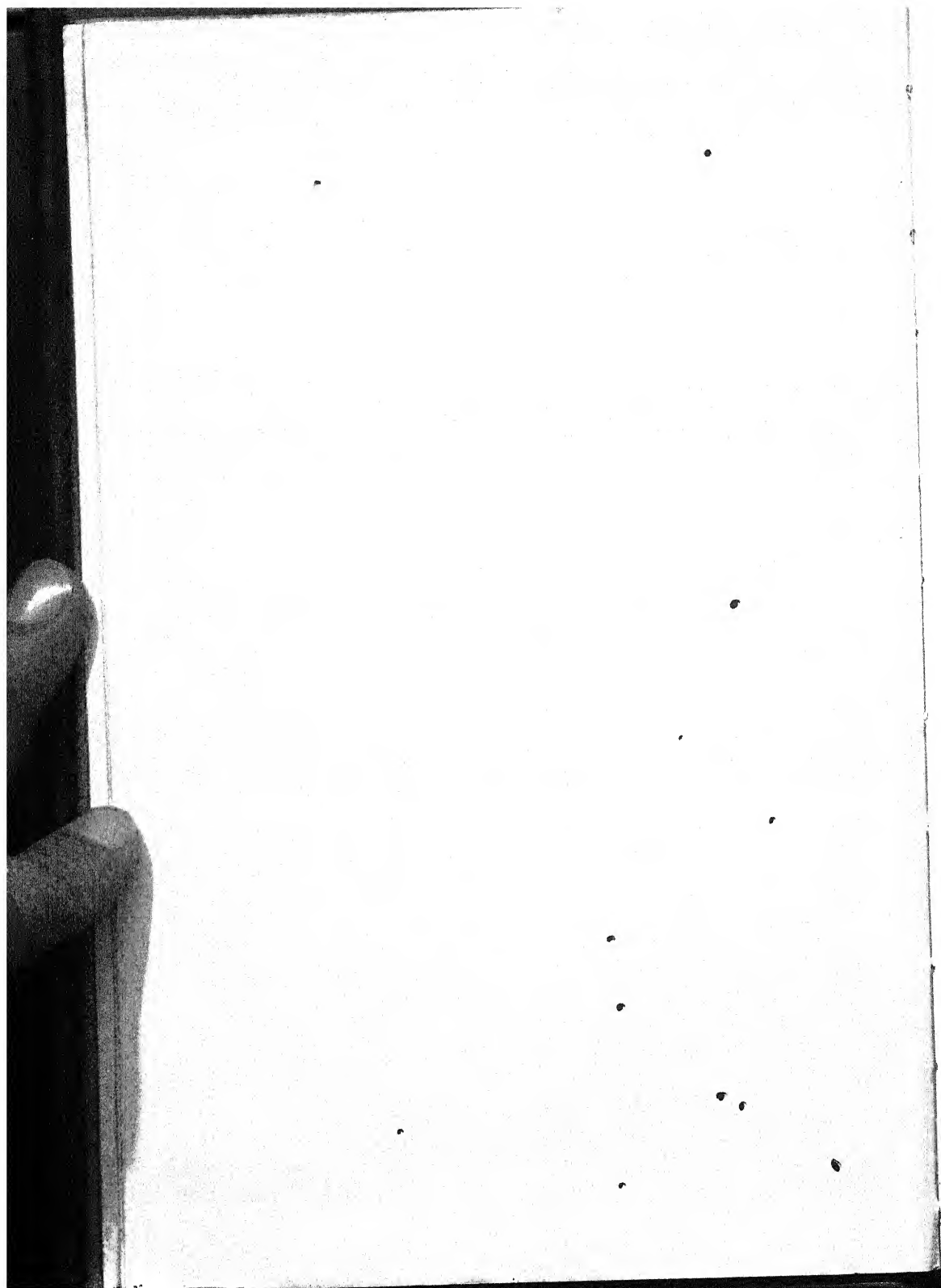


THE STATE OF ASIA





THE STATE OF  
ASIA

*A Contemporary Survey*

BY

LAWRENCE K. ROSINGER

*and* ASSOCIATES

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ISSUED UNDER THE AUSPICES OF THE  
AMERICAN INSTITUTE OF PACIFIC RELATIONS

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## FOREWORD

THE myth of the "unchanging East" was already beginning to be discredited before the Second World War; but, as this book vividly shows, it has been completely exploded by the cataclysmic events that Japanese aggression unleashed upon eastern and southeastern Asia. Even more momentous than the vast physical destruction of factories, railways, ships, crops, and farm animals was the overturn of long-established patterns of trade, colonial government, and Western prestige, and the sudden release of long-simmering nationalist and revolutionary forces in such areas as China, Indonesia, Indochina, and Burma. With this upheaval came a vast change in the whole balance of military power which had determined the strategic framework of Far Eastern politics. Along with the collapse of Japanese military strength and the great weakening of British, French, and Dutch influence in Asia there appeared the sudden outthrust of the military and political power of the United States and the U.S.S.R., physically confronting each other in tragically divided Korea. One result of this was to bring Asia far more directly than previously into the arena of world power rivalries, so that, for example, American policies in Japan became linked to Soviet moves in East Germany and events in Indochina had a close bearing on French participation in the Atlantic Pact.

By 1950 this interconnection between East and West had been dramatically intensified by the emergence of a Communist-controlled regime in China with close ties to the Soviet Union, and by the North Korean invasion of the Republic of Korea, and the subsequent United Nations military operations, followed by the large-scale military intervention of Communist Chinese forces. Meanwhile in southeast Asia a great "power vacuum" existed, now increasingly in danger of being filled by expansionist Communist forces to the north, while in the Indian subcontinent, formerly the citadel of British power in southern Asia, stability was threatened by the mounting political rivalries of India and Pakistan over Kashmir.

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Underlying all these immense external pressures were the age-old economic and social forces of population increase, of outmoded and oppressive systems of moneylending, land tenure, and special privilege, of incipient but distorted industrialization, of poorly developed educational systems, of unhealthy traditions of administration and public health, accompanied everywhere by desperate shortages of capital, technicians, and managerial talent.

For these reasons alone there would seem to be ample enough need for a new examination of "the state of Asia." The need is all the greater today when there is an increasing tendency in the Western world, and notably in the United States, to think of the Far Eastern nations mainly in relation to the way in which they align themselves (or decline to do so) in the "cold war." Those alignments, and the necessity of studying them, are admittedly of crucial importance, but it would be folly indeed to concentrate attention on them while neglecting the deep-seated internal forces in Asia which existed long before Soviet-American rivalries became acute and will remain even if those rivalries end.

It is largely in the belief that we need to understand more of what is happening *inside* Asian countries and of what Asian peoples are thinking about and striving for, and not simply to know what is being done *to* Asia by the outside world, that this volume has been prepared. It does not claim to answer all the questions that bear upon the contemporary development of the Far East. Many important fields of human activity, for example religion, literary and artistic movements, and technological changes, are given little or no attention. But it does serve to reveal in broad outline some of the major political, economic, and social aspirations and policies that have conditioned the postwar evolution of the vast and diverse region stretching from Pakistan around to Japan and into the central Asian areas of Mongolia, Sinkiang, and Tibet.

For such a huge area no single method of analysis or system of political appraisal would be feasible or desirable and none has been attempted here. The various authors have not been required to follow any rigidly prescribed form of presentation and interpretation. In conformity with the traditions of the In-

stitute of Pacific Relations, the editor has welcomed a diversity of viewpoints.

I take this opportunity of expressing my thanks to Mr. Lawrence K. Rosinger for his able work as editor of the volume and as author of three chapters. The American Institute of Pacific Relations as an organization does not itself express opinions or advocate policies and therefore does not accept responsibility for views expressed in the book. For all such statements of fact or opinion in the various chapters the individual writers are solely responsible.

New York

WILLIAM L. HOLLAND  
*Executive Vice-Chairman,  
American Institute of Pacific Relations*



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Clayton Lane, former Executive Secretary of the American Institute of Pacific Relations, was a source of sympathetic support and of valuable comments on the manuscript. Katrine R. Greene, former Assistant Secretary of the American Institute of Pacific Relations, and Elizabeth Converse, Assistant Editor of the *Far Eastern Survey*, were helpful in so many ways—through their editorial aid and their willingness to take care of innumerable essential details—that I cannot easily express my debt to them.

The other contributors and I also owe much to the sixty-odd specialists, to each of whom one or more of the chapters was submitted for critical comment, in an effort to achieve accuracy and balance. These readers included (in addition to a number of persons in official United States or United Nations agencies) the following persons: Pedro E. Abelarde, M. Searle Bates, Knight Biggerstaff, Dorothy Borg, Hugh Borton, Norman Brown, John F. Cady, Roland Cross, the late John F. Embree, J. S. Furnivall, Thomas J. Hamilton, John N. Hazard, Harold R. Isaacs, George McT. Kahin, Yongjeung Kim, Alexander MacDonald, William M. Mandel, M. Masud, J. A. McQuilkin, W. Plumer Mills, J. Morden Murphy, Paul Mus, Robert T. Oliver, Victor Purcell,

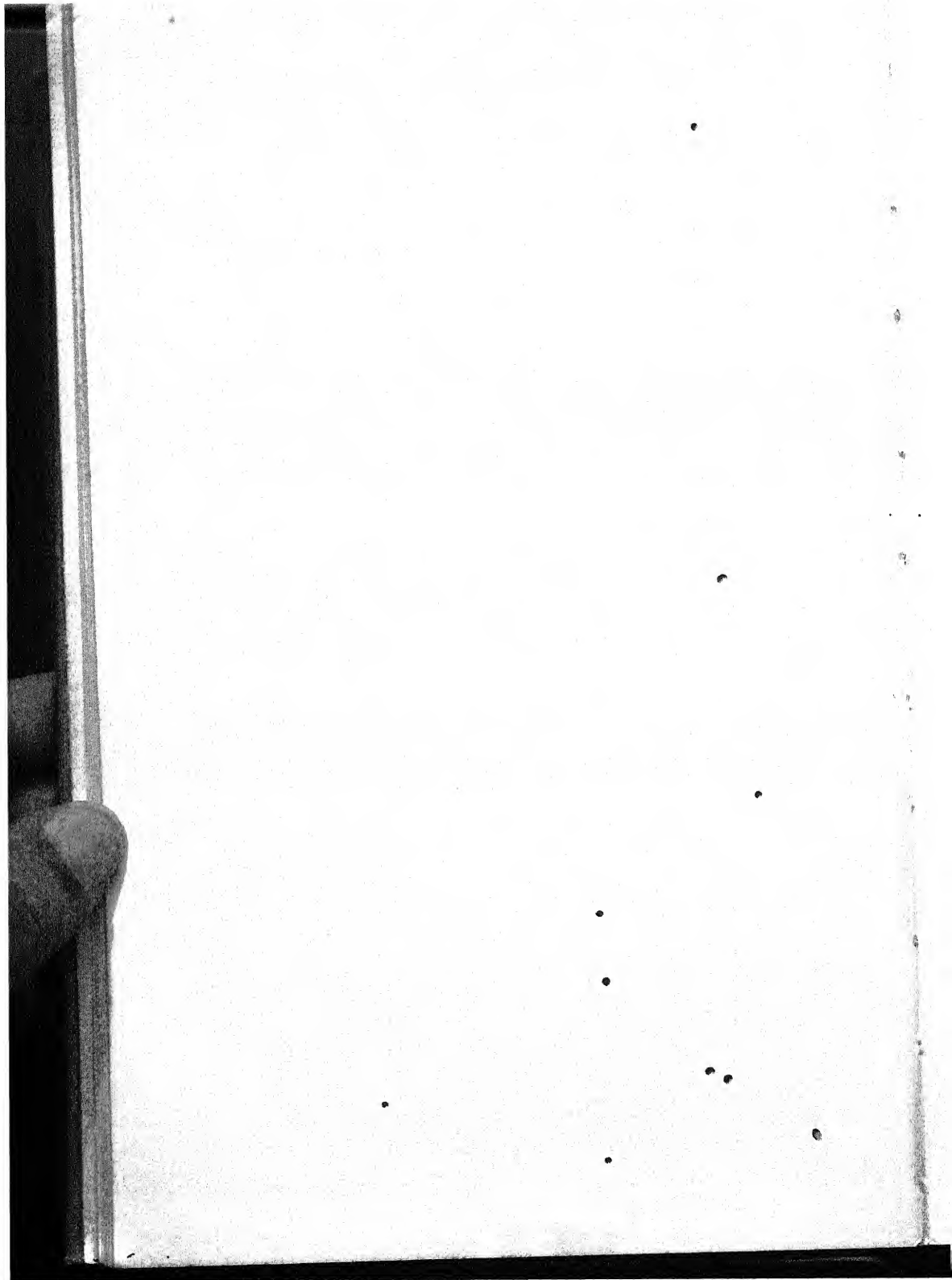


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LAWRENCE K. ROSINGER

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# THE STATE OF ASIA

LAWRENCE K. ROSINGER



THE area of eastern and southern Asia discussed in this book has been the scene of extraordinarily rapid and often revolutionary changes since the end of World War II. New, uneasy national states have arisen in India, Pakistan, Burma, the Philippines, and Indonesia, where colonies existed before. Communism has come to power in China, the most populous country of the region. In Malaya and Indochina, areas of continuing colonial rule, warfare rages between the foreign power and armed local movements. In Korea political division has been followed by international war. Meanwhile Japan, the most highly industrialized and once the most powerful of Asian states, has passed through five years of occupation.

Well over one billion people—half the human race—live in the countries stretching from Korea to Pakistan on the Asian continent and from Japan to Indonesia in the neighboring island chain. Historically this area has given birth to great civilizations. The remote ancestors of today's peasants working in the rice paddies were contemporaries of Confucius and Buddha. There are Asians now living whose great grandfathers saw the Manchu empire at its height, Japan in the intellectual and economic heyday of the pre-modern Tokugawa period, or India when the Taj Mahal was one of the more recent wonders of the world.

But in India in the latter part of the eighteenth century, in China a little more than a century ago, and elsewhere at varying times, the old Asian order began to crumble under the impact of the rising military-industrial power of England, and later of other countries. Modern troops and machine goods undermined the old handicraft economy, world outlook, and self-

confidence of Asia. Most of the East had a colonial or quasi-colonial status imposed upon it, and Asia became important for the economic and strategic role it could play in strengthening Western countries. When an Asian state—Japan—finally achieved modern power, it in turn became a ruler and exploiter of Asian peoples.

Before World War I the existing imperial order in the East seemed unshakable. No colonial people was then able to unseat its foreign rulers, and China, not completely independent, showed weakness and confusion, after passing through a republican revolution in 1911-12. Yet, in the course of developing Asian countries as markets, sources of raw materials, and sites for investments, the foreign powers had helped to lay the foundations of nationalism. Railways and telegraphs had a unifying effect; foreign missionary and welfare activities stimulated new ideas; elements of modern industry appeared, sometimes under Asian ownership; a corps of Asians, with varying degrees of modern training and education, was recruited into colonial administration in subordinate positions; and semimodern cities emerged.

In Western terms this development was limited, and the bulk of the population lived under pre-modern conditions, often made worse by the decay of the old economy. But one effect of the changes was to produce a small Asian middle class (including a modern intelligentsia) and later a new class of urban labor, both of which championed nationalism. The inability of most educated Asians to find more than narrow outlets for their talents under foreign rule, their desire to assume political and economic leadership of their countries, the poverty and discontent of masses of people, the deep Asian resentment at Western racial attitudes—these and other factors all fed the fires of nationalism. The imperial powers, it is true, pointed to instances of progress under their administration and, as nationalism grew, asserted their intention to relinquish control when the time was ripe for self-government. But the changes that occurred merely increased the impatience of Asians for governments under their own direction, expressing national, not alien, purposes.

At the end of World War I a nationalist upsurge occurred throughout the East, especially in China, where revolutionary tendencies entered a new phase, and in India, where Gandhi

came to leadership. This upsurge reflected many factors, such as the opportunity for nationalist growth while the West was preoccupied with military conflict elsewhere, the development of new Indian and Chinese industries during the war, and the effects of the war in weakening the power and prestige of European states, victors as well as vanquished. Ideologically the emphasis on the self-determination of peoples in President Wilson's "fourteen points" and some other Western statements had aroused Asian hopes, which turned to bitterness when the pledges were not realized. The leaders of the Bolshevik Revolution, with their revolutionary social and economic program, directed a conscious appeal to Asian nationalism, and the activities of the Third International had a continuing impact.

The pre-1914 imperial stability was never wholly restored in the period between World Wars I and II, and Japan's advance into China in the 1930's introduced a new instability. Asian nationalism grew in strength, and Communism became a significant, secondary phenomenon—especially in China, where Soviet Russia and the Chinese Communists formed an alliance with the Chinese nationalists under Sun Yat-sen in 1923-4, after Sun had turned in vain to the Western powers and Japan for support. This alliance continued, following Sun's death, until Chiang Kai-shek broke with the Communists in 1927. Subsequently Chinese Communism established itself as an armed, revolutionary power governing certain rural areas.

In no part of the colonial or partly colonial countries of the East was full independence achieved in the interwar years, but in the Philippines a Commonwealth government was established in 1935 as a step toward carrying out an American decision to grant independence in 1946. The underlying long-term trend toward independence for colonial Asia was obscured or placed in doubt because Japan took advantage of Western policies of appeasement and the pressure of Nazi Germany upon the powers to create a new imperial position of its own.

Japanese expansion went back some decades to the annexation of Formosa and Korea and the establishment of a foothold in south Manchuria. But the magnitude of this imperial growth changed in the 1930's, with the invasion of Manchuria and the conversion of the Japanese economy from light to heavy industry. Japan's development indicated how powerful an Asian coun-

try—even one with slender resources—might become if efficiently organized, and underlined the fact that the old Western hegemony was doomed.

This was a major development because until World War II eastern and southern Asia continued to fulfill an important economic function for Western Europe. Indian jute, tea, and cotton, Burmese oil, teak, and lead, Malayan rubber and tin, and the markets provided by these countries were powerful buttresses of the British economy; while the returns on such Indonesian products as oil, rubber, tin, and tea played a much larger role in the Dutch economy. France also drew strength from its position in Indochina.

The Chinese-Japanese war and the second World War with which it merged accelerated processes long under way in Asia. Japan smashed the existing Western positions in China and southeast Asia, but at the end was itself defeated; and in the interim Western Europe was greatly weakened in the war with Germany. Resistance to Japan strengthened Chinese nationalism, and China survived as a weak victor power. In southeast Asia the Japanese, although antinationalist, stimulated nationalism by playing upon it for propaganda purposes and by their very action in expelling the West. Armed anti-Japanese resistance movements that developed in the Philippines, Burma, Malaya, and Indochina were gradually joined by pro-Japanese nationalists who had become disillusioned. These movements received varying degrees of aid from Britain or the United States as part of the war effort in the East. When Japan's position weakened in the last phases of the war, Japanese military leaders in some areas began to relinquish power to local nationalists—a process that became especially marked after the surrender in August 1945.

Up to that time the Philippines, most of Burma, and some of the eastern, politically unimportant parts of the Indies had been retaken by Allied forces. But there were no Western troops in Indochina, Malaya, or the bulk of Indonesia, and the interval of some weeks between the surrender and the arrival of Western forces in these places gave the nationalists an exceptional opportunity to organize openly. Another fact of crucial importance was the possession of arms by southeast Asian nationalists, whether as a result of earlier guerrilla operations,



wartime deliveries by the United States or Britain, or the handing over or seizure of large stores of Japanese supplies in the interim period after the surrender. When the British, French, and Dutch returned to southeast Asia, they found Asian troops equipped and prepared to resist the restoration of colonial status. In the Philippines the situation was different, since the United States had fought its way back with the aid of Filipino nationalist troops and had renewed its pledge of independence by 1946. In India, which Japan had not occupied, still another pattern existed; but Indian nationalism was strong and the country vast, and there were indications that a new political spirit had begun to penetrate the large, British-organized Indian Army.

The war brought important alterations in Asian politics. The most notable shift occurred in China, where—largely as a result of rural reforms and well-organized guerrilla operations against the Japanese—the Communist areas expanded to include many millions of people in the summer of 1945, compared with one-and-a-half million at the outset of the Chinese-Japanese war in 1937. Communist parties also grew in Malaya and Indochina, forming in both countries the main leadership of the armed anti-Japanese guerrilla forces. In the Philippines Communism was powerful in the leadership of one section of the anti-Japanese resistance, and in Burma it played a large role in an armed anti-Japanese coalition. In India the Communists grew, but were far weaker than the Congress party of Gandhi and Nehru; in Indonesia they were also comparatively weak; and in Thailand they were negligible.

Generally speaking, non-Communist nationalism developed at a much faster pace than Communism in eastern and southern Asia as a whole. At the end of the war Communism remained definitely secondary to non-Communist nationalism both in the thinking of the mass of politically conscious Asians and in the allegiance of Asian leaders. Yet it was also evident, as independence drew near, that the old Asian nationalism was confronted by a well organized competitor.

Meanwhile, two new powers, the United States and the U.S.S.R., had arrived at positions of decisive influence in world affairs. During the war Russian attention had been focused primarily on the European front, and the United States, although playing a military and political role in China and the Philip-



pires, had also concentrated on the West. With the defeat of Germany and Japan, Washington and Moscow were both able to turn to Asia more than before.

As a result of the Yalta agreement and the Chinese-Soviet pact of August 1945 Russia incorporated southern Sakhalin and the Kurile Islands and received an important special position in Manchuria, a Chinese area of major economic and political significance. In addition, Soviet troops occupied north Korea. The United States became the controlling power in Japan, occupied south Korea, held a military position in the Philippines, and enjoyed considerable influence, political and military, in China. The various Communist parties were a factor buttressing the Soviet position in the region; on the other hand many nationalists—and Communists, too, at that time—displayed a friendly attitude toward the United States. Moreover, important positions continued to be held by Western powers associated more closely with the United States than with the U.S.S.R. In general, the end of the war found the United States in a stronger position than Russia in eastern and southern Asia and apparently with far greater possibilities of influencing the future of the region.

Until Japan's defeat the full force of the war's impact on Asia was hidden from the world, but events moved rapidly thereafter. The main trends may be summarized as follows:

1. *A series of new national states emerged.* The Philippines became independent in the summer of 1946, India and Pakistan in August 1947, and Burma at the beginning of 1948. In these countries the transfer of sovereignty occurred peacefully. In Indonesia military operations took place between Dutch and Indonesian forces, but the Netherlands finally recognized Indonesia's independence late in 1949. In Indochina, where warfare developed between French forces (later including the French-sponsored troops of Bao Dai) and the Vietminh movement of Ho Chi Minh, the military struggle has not yet been resolved. British forces at first held the field for the Dutch in Indonesia and the French in southern Indochina, but later withdrew from these areas under a policy of reducing Asian commitments that were beyond Britain's strength. The British, however, returned to Hong Kong and Malaya, two small but extremely valuable areas, which were more easily controlled (although warfare later developed in Malaya) than larger areas such as India

and Burma. At the outset of the postwar period the entire Japanese empire was broken up. These developments in general revealed a fundamental breakdown of the old colonial system in Asia, even though the independence of Asian countries was sometimes hedged about by restrictions and was more marked in the political sphere than in the economic.

2. *The new national states faced enormous problems.* Not until independence came could the full magnitude of the obstacles to Asia's modernization be appreciated. The production of goods, and sometimes even of food, was inadequate; there were marked shortages of trained personnel and capital; the peoples of Asia were predominantly illiterate; and old social practices and attitudes stood in the way of change. In addition, the war had piled new problems on top of those inherited from the era of foreign rule or still earlier periods. In Burma rice cultivation had been reduced by the Japanese army's seizure of draft cattle for military transport. The Philippines had suffered enormous damage from military operations. In the whole of Japanese-occupied Asia, railways, mines, plantations, and other facilities had been poorly maintained. In India industry had deteriorated through six years of intensive use without adequate replacements, and the war had produced inflation.

The circumstances under which independence was won often added to the difficulties. The partition of India and Pakistan broke up the economic unity of the subcontinent and was accompanied by Hindu-Muslim-Sikh riots that saddled the new governments with an enormous refugee problem. The independence of Indonesia came only after Dutch-Indonesian warfare had severely affected the Indonesian economy. The removal of the Japanese yoke in Korea was followed by a division of the country which had unfortunate economic and political effects even before the outbreak of war in 1950.

Apart from these factors, the men who entered the new governments were not necessarily as competent in uplifting their own peoples as in unseating alien rulers. Nor were they necessarily willing to come to grips with fundamental problems. Nationalists who had inveighed against foreign authorities for squeezing their country might themselves grow soft and corrupt in office. Asian mill-owners who had contributed funds to get rid of a foreign power might not be more anxious than the foreigner

to improve the lot of the millworker. The men who had championed reform programs before independence would not necessarily distribute land to the peasants, when confronted by the actual problems of government and the pressure of influential citizens with a stake in the status quo.

If there was one problem that was uppermost in the larger part of eastern and southern Asia, it was the problem of the peasantry, the great mass of the population. Whether the peasant was a tenant paying a high rent to the landlord, or a small proprietor, he was usually impoverished. The plot of land he cultivated was small, while the burden of usurious interest on his debts was great. Taxes were heavy and the benefits slight. His life was often virtually that of a draft animal, but unlike a beast of burden he could cease to be docile and rise up. This was why policy toward the peasantry was likely to play a major role in determining the success or failure of the new governments.

In short, the creation of national states was only a beginning—an opportunity to come to grips with problems. To Asians national independence was not an end in itself, but a means to concrete ends, to changes that would remold their countries. The various nationalist parties came to power with considerable prestige, but would be able to retain and expand their influence only by dealing effectively with domestic economic and political issues and by strengthening the independence of their countries.

3. *The victory of Chinese Communism had an enormous impact on the situation in Asia.* China was the most populous country of Asia—and the world—and was joined with Russia in a Communist bloc that included perhaps three quarters of the land and two fifths of the people of the Asian continent. Important Chinese communities lived in Indonesia, Malaya, Thailand, and the Philippines; Japan desired, as before World War II, to trade its manufactures for much-needed Chinese raw materials; and it was apparent, even before the Korean war, that Peking was strong enough to act in, or seek to influence, situations outside its borders. The fact that Mao Tse-tung had come to power with the support of various non-Communist Chinese groups on the ruins of a nationalist regime that had

failed to meet the needs of its people also had an impact elsewhere in Asia.

It was evident that Communist China had become the most powerful Asian country, an impression that was heightened after Chinese troops entered Korea. Many politically conscious Asians—for example in India—were impressed by reports of Chinese Communist reforms and of plans for future economic development. Some wondered whether Mao might have the answer to problems they wished to solve in their own countries. Early in the century the defeat of Russia by a modernizing Japan had captured the imagination of Asian nationalists. In the 1920's Mustafa Kemal's modernizing movement in Turkey and the revolutionary Chinese nationalism that brought the Kuomintang to power had drawn attention. In the thirties some Asian support had been aroused for the concept of pan-Asianism under the leadership of a powerful, liberating Japan. At the mid-century China was the area on which many Asian eyes concentrated in an effort to see whether the long-sought formula for attaining strength through change had been found.

On the other hand, some Asians were sharply opposed to Peking, and general Asian reactions to Chinese Communism were still in a formative stage. Anti-Peking elements included the south Korean, Philippine, and Thai governments, as well as the Kuomintang on Formosa. (The official Japanese attitude, although certainly not pro-Peking, was very cautious and did not fall into the category just described.) Several facts should be noted about the governments opposed to Peking: in territory and population they commanded a very small segment of eastern and southern Asia; the south Korean and Formosan governments were completely dependent on American aid for survival; and all represented a right-wing Asian point of view that held little appeal even for conservative nationalists in such countries as Indonesia, India, and Burma.

4. *Japan was a major, but only partly known quantity in Asia.* Japan's defeat and peaceful response to the occupation tended to obscure the fact that, like Germany, it was capable of re-emerging as a power if restraints were removed. Certainly, in the absence of restrictions, no industrialized country of eighty million people could fail to be a power.

Changes unquestionably took place in Japan after 1945, and there were significant alterations in its potential, as well as actual international position. Early in the occupation the country was disarmed, a labor movement emerged, and significant land reforms were carried out. The experience of defeat, including the atomic bomb, had perhaps given the mass of Japanese a clearer view of the limits of their country's power. Moreover, in view of the magnitude of American and Soviet strength, the emergence of the Peking government and the new governments of southern Asia, and the existence of strong anti-Japanese sentiment in a number of nearby countries, Japan would find it much more difficult to move toward predominance than in the past. On the other hand, if free to act, a Japanese government such as the one in office at the beginning of 1951 might quickly undo a large part of the occupation's earlier domestic reforms. With respect to Japanese military power, it should be noted that American policy had moved in the direction of rearming Japan.

A wholly or substantially uncontrolled Japan, especially one engaged in rearmament, could have a vast field for maneuvers between the Soviet-Chinese bloc and the United States and its allies. Such a Japan might, on the one hand, parallel Western Germany in Europe by becoming part of an anti-Communist military alignment in the Far East. On the other hand, it might conceivably come to terms with the nearby Communist powers and work out economic arrangements with them and with non-Communist Asia. Or it could follow some other, complex course reflecting the varying international pressures upon it and its own efforts to step up the bidding for its support.

But in adopting a political position, it would presumably have to link its industry with Asian markets and raw materials, unless the Japanese economy was to be subsidized by the United States for years to come. In a purely economic sense Japan had much to offer and receive from the underdeveloped countries of Asia; for it could supply them with manufactures, including machinery, much more cheaply than could the United States or Britain and it could obtain from Asia iron ore, soybeans, coking coal, and other essentials on better terms than elsewhere. Its return to free economic activity would unquestionably confront the West with a powerful commercial competitor in Asia, and perhaps also in Africa and South America.



It is evident, then, that the future development of Japan could impart a new complexity to an already involved Asian situation.

5. *The differences among and within the countries of eastern and southern Asia grew sharper and clearer.* As long as most of the countries of the area were colonies, they were deceptively uniform in appearance. Except for Japan, China, and Thailand, each was under some foreign power, was discussed mainly in terms of its economic value or its nationalist movement, and had relations almost solely with the ruling country. Japan, of course, was a great power. China was not a colony, but was usually too weak to make itself heard in world affairs, although it did so in certain periods, such as 1924-7 and 1937-45. Thailand was independent, but a negligible force.

After World War II the variations among Asian countries became both more visible and more marked, for the creation of national states permitted the expression of national purposes and characteristics. The Asian countries, it is true, tended to have certain common features, such as their spirit of nationalism and the poverty of their people. The agrarian problem was widespread, the Asian economies were underdeveloped (except in Japan), and a number of countries were densely populated. Yet the differences in potentialities, stages of development, historic traditions, languages, and social structure were fully as great in Asia as in Europe.

India and China, for example, were potential giants, whose development could be of a quite different order from that of the Philippines or Burma. In Muslim Pakistan religion was a powerful political force, but in Indonesia, most of whose people also followed Islam, politics was far more secular. India had a caste system, but China did not. In Thailand small proprietorship was characteristic of the land system, but in India the rate of tenancy was high. Not only did these national variations exist, but within many of the countries important differentiations occurred. The old nationalist movements, which had once combined the most disparate elements from right to left, showed cleavages or broke apart as a result of differences over the purpose of their common victory. The most general and sharpest split was between nationalist and Communist parties, but serious differences sometimes developed between opposing wings of national-

ists, or between nationalists and local elements that had stood apart from them in the days of foreign rule.

6. *There was a genuine development of relations among Asian countries as well as between them and the rest of the world.* Before World War II the relations of India and Indonesia had been little more than an aspect of the relationship of the governing powers, while the relations of Burma with the outside world had been limited mainly to British and British India, of which Burma was a part until 1937. After independence the former Asian colonies began to develop policies toward each other, toward other Asian governments (such as China and the countries of western Asia), and toward non-Asian states.

Nothing better illustrated the change that was taking place than the role of the Indian ambassador in Peking as a major diplomatic channel of communications between China and the non-Communist world after the outbreak of the Korean crisis. The alignment of Asian and Arab states on the Indonesian issue early in 1949 and later in connection with the Korean conflict was also suggestive of the trend. Still another sign of the times was the emergence of international issues of purely Asian origin (such as the Kashmir dispute between India and Pakistan), or the conclusion of bilateral Asian trade accords (such as the New Delhi-Peking arrangement, in December 1950, to exchange Chinese rice for Indian jute). Except for Japan, the countries of the region were not yet sufficiently developed to engage in extensive economic relations with each other. But if international conditions permitted, a network of intra-Asian trade seemed likely to emerge over the years as a part of world trade.

7. *Eastern and southern Asia became increasingly involved in the Soviet-American conflict, but did not conform to the pattern of the "cold war" in the West.* Two complex, interwoven processes operated simultaneously in Asia. One was the great power struggle, the other the movement of Asian peoples for independence and economic and political progress. In world terms the stakes in Asia were high, not only because of its economic importance, manpower, and strategic location, but also because of its potential impact on other regions. Just as developments in China influenced Indochina, so events in eastern and southern Asia would certainly influence western Asia and the slowly awakening colonial world of Africa.

Yet it was characteristic of the region discussed in this book that it did not fit the formulas of the "cold war" in the West. There was in Asia no status quo that could enlist the active allegiance of large masses of people. In general, political ideology (in contrast to religious and social practice) was a minor consideration, even among most politically conscious Asians, except for a spirit of nationalism that admitted of many interpretations. The bulk of the population—illiterate, desperately poor, traditionally ill-used by officials, tax-collectors, usurers, and landlords, but not easily fooled by political promises—was not interested in, or equipped to understand, political theories. Its touchstone in judging government was the availability of food, shelter, and clothing.

This is not to suggest that political ideologies failed to affect Asia in a crucial way, but rather that the political symbols and approaches that were meaningful to millions in the United States or Europe were often meaningless in Asia. In the United States, for example, the phrase "free enterprise" was frequently associated with a vast productive machine and a high standard of living. But in Asia the term held little meaning, even for conservatives. The Asian middle class was weak; the tradition of state intervention in economic life was strong; and Asian private capital was, for the most part, too limited to assume the task of national development. In addition, the bulk of the politically conscious were in a hurry: their countries were far behind in economic development, and it would take a good deal of running even to begin to catch up with the industrialized nations. The general trend was toward a "mixed economy," combining private enterprise with a strong element of state enterprise and state control. Economic cleavages between right and left therefore followed lines different from those existing between the United States and the Soviet Union.

Asian attitudes toward democracy also differed from prevailing attitudes in the West. In eastern and southern Asia classical civil liberties had in the past not existed at all, or only in very limited fashion, and this situation continued after World War II. The Western argument against Communism on the ground that it would take away these liberties carried little weight, especially since Asian Communists appealed for support by emphasizing the issues of national, economic, and social equality. Asians, like



other people, desired a voice in government, especially on the local level of their daily lives. But they were not wedded to parliamentary institutions, even though elements of parliamentary government existed in a number of Asian countries. There was a strong tendency in the region toward one-party regimes, whether of the right, left, or center, or toward coalitions in which one party was dominant. Nor was this necessarily contrary to the desires of the politically conscious.

The political institutions prevailing in the non-Communist West had emerged historically from revolutions in England, the American colonies, and France in the seventeenth and eighteenth centuries, and from lesser revolutions in the nineteenth century. It was hardly conceivable that, even if the outlook of Western-inclined Asian leaders ultimately prevailed, Asian revolutions occurring in a different age in countries with different traditions and without a strong middle class would adopt the same institutions. Whether the road taken would be that of China or India, whether the inclination would be toward the Soviet or non-Soviet course, was, of course, of the utmost significance. But Asians would certainly demand, no matter what their institutions might be, that the new national structures provide a means of realizing the fundamental goals of international equality and economic, social, and political advancement.

This approach had a direct bearing on reactions to the Soviet-American conflict. If many Westerners judged Asian purposes in the light of their impact on the "cold war," most Asians judged the "cold war" in the light of its effects on their own aims. Indonesian nationalists, for example, at various points made concessions to the Netherlands out of what they regarded as necessity, but would have considered it unthinkable to make these concessions in order to strengthen Western Europe against Communism. Throughout eastern and southern Asia the long-established and therefore "natural" priority of Western over Asian purposes seemed increasingly unnatural to Asians, who were acquiring a new sense of dignity and worth. Along with this new attitude there went a certain amount of the self-righteousness and mote-blindness found among men everywhere. But the issue, as seen by Asians, was not simply who was right and who was wrong, but whether they were to be con-

sidered wrong because they were Asians and whether their interests were to be recognized and adequately protected.

The new national governments and the peoples of such countries as Indonesia, India, and Burma were desperately afraid of involvement in a general war. Their past colonial status and traditional anti-imperialist feeling made them particularly fearful of playing the role of pawns in an international struggle they commonly regarded as not arising from Asian purposes. The enormous destruction in Korea after June 1950 undoubtedly heightened their concern. This is not to say that they were pacifists, for even in India the Gandhian approach was not the ruling one. But it was one thing to risk death and destruction for one's own goals and quite another, as it seemed to them, to take such risks for alien objectives. To the bulk of south Asian non-Communists—except perhaps in the Philippines and Thailand—the conflict between the United States and the Soviet Union was not a struggle between good and evil, but—as Nehru phrased it—“between two evils.”<sup>1</sup> Or, as he might have put the matter in a different context, they also regarded the conflict as being between two “goods,” since they saw strong points as well as weaknesses in the outlook and practices of both the United States and the Soviet Union.

Asians, like other people, had long memories. Indians, for example, remembered that in 1914, and again in 1939, they had been taken into a world war by a vote of the British parliament, without prior consultation of Indian opinion. Any action suggesting that the West was making distinctions between Asian and non-Asian countries aroused suspicions, reflecting the experiences of decades of Western racial superiority. Thus, many Asians believed that American opposition to Peking's admission to the United Nations in 1949–50 resulted not only from policy considerations, or developments in Korea, but also from an unwillingness to recognize a new Asian great power. And even if they did not attribute this additional motive to the United States, many were inclined to view Peking's exclusion as, in effect, a sign of continuing Asian inequality in world affairs.

The predominant non-Communist Asian viewpoint seemed

<sup>1</sup> *New York Times*, July 8, 1950.

to favor a "middle course" in foreign affairs, avoiding a definite commitment to either the Soviet or the American bloc. This approach was attacked sharply by Asian Communists. Mao Tse-tung, for example, asserted in July 1949 that a middle position was not possible for China and that it was necessary to "incline to one side"—the Soviet side. This did not mean, however, that nationalism was not a powerful force in Peking, or that Mao was not concerned with national as well as international considerations. The Chinese Communists' rise to power had been accelerated by their success in convincing many Chinese that they were champions of the national interest; and the subsequent policies of the Peking government were of such a nature as probably to appeal strongly to nationalistic sentiments.

The dispatch of Chinese troops into Tibet, and Peking's emphasis on its determination to incorporate Formosa, involved areas that were considered part of China by virtually all Chinese, regardless of political viewpoint. Korea, it is also necessary to recall, was a country with which Chinese imperial and republican governments had long been concerned, and which Japan had acquired as a base before taking Manchuria. Consequently, while Chinese might support or oppose Peking's specific foreign-policy decisions, few would be likely to hold that the situation in these areas did not affect China's national interests. It also seemed likely that if China's new national power had already influenced other Asian countries, the nationalist impact inside China must be still greater.

These factors bore directly on the nature and durability of the Chinese-Soviet alliance. Most Western commentators, drawing on terminology used in discussing Europe, assumed that Mao would be either a "Tito" or a "puppet." What was often overlooked was the possibility of a continuing Chinese-Soviet alliance, involving joint decisions based on the views of both participants, especially with respect to the areas of their specific interest. Mao's victory had added something new to the Communist part of the globe—a second Communist power. Russia's strength was certainly far greater than that of China, but China had more than twice the population of the U.S.S.R., a vast area, considerable existing military power, industrial potentialities, and the possibility (because of race, geography, and past associa-

tions) of assuming leadership in a large part of Asia outside its own borders and the U.S.S.R.

Undoubtedly when the Peking government was established many Chinese, while favoring friendly relations with Russia, had reservations about adopting a completely pro-Soviet alignment. That these reservations existed was implicit in much of the official Chinese propaganda on Chinese-Soviet relations. Later Peking was able to point to the Soviet grant of a five-year three-hundred-million-dollar loan and the Russians' new treaty pledge to give up their special position in Manchuria as arguments that an exclusive alignment would not mean a neglect of China's interests for lack of bargaining power. This contention may well have been strengthened in Chinese opinion by the Soviet campaign to seat Peking in the United Nations—no matter how that campaign might be viewed in Western capitals—and by the tense state of Chinese-American relations.

It did not follow that all Chinese reservations about Russia had disappeared, but the above-mentioned considerations had to be borne in mind in assessing the Chinese-Soviet alliance. It was noteworthy, too, that most other Asian governments seemed to assume that Peking was its own master and would have to be dealt with on that basis.

8. *A successful policy in Asia required a marked sensitivity to Asian attitudes and conditions.* At the end of World War II the United States, as already noted, held a position of greater prestige and power in the area of eastern and southern Asia under discussion than did the U.S.S.R. Yet by the beginning of 1951 American policy, despite great expenditures and the presence of American troops in some areas, had reached an impasse with respect to a large part of the region; while the U.S.S.R., with no comparable commitment in the postwar years, could look back at a broad Asian trend favorable to its own purposes. Moreover, Asian developments had worldwide ramifications. After Britain's recognition of the Peking government in January 1950 a rift had slowly developed between the United States and a number of other members of the Atlantic coalition over China policy. This rift had been accentuated by events in Korea, especially after Chinese troops entered the Korean fighting in the latter part of 1950.

There is no opportunity here to examine in detail the various explanations of the Asian situation. It was clear, however, that American policy in the postwar years had not, on the whole, recommended itself to politically conscious Asians. In earlier decades many Asian nationalist leaders, encouraged by the traditions of the American Revolution and American democracy, had looked toward the United States. Sun Yat-sen had been inspired by the philosophy behind Lincoln's concept of "government of, by, and for the people," and the Indian National Congress of Gandhi and Nehru had turned to the Declaration of Independence in asserting India's right to freedom. Yet Sun had later allied himself with Soviet Russia, and in 1950 Nehru was a sharp critic of American policy.

After World War II the United States had recognized the sovereignty of the Philippines, and in 1949 its decision to exert pressure on the Dutch had been a factor, along with Indonesian armed resistance and the force of Asian opinion, in bringing about the establishment of an independent Indonesia. But these actions evidently were outweighed in the judgment of many Asians by other American policies. Support of unpopular Asian elements, such as Chiang Kai-shek, had played a part in alienating opinion. Support of the French and French-sponsored Bao Dai forces in Indochina—against what was widely regarded as the bulk of Vietnamese opinion—had been another element. Differences between Asian governments and the United States over the recognition of Peking and aspects of the handling of the Korean crisis were especially significant factors.

Whatever the merits of particular issues, American influence in Asia could hardly be maintained against a critical Asian public opinion. Nor was the problem one of propaganda. What was required was action, revealing an unfailing sensitivity to the Asian desire for far-reaching political, social, and economic changes and a keen awareness of the severe limitations on a military interpretation of the Eastern scene.

That military factors played an important role in Asian developments was plain from happenings in Korea and other areas. But the outbreak of the Korean war did not, as some concluded, render politics an insignificant aspect of an effective approach to Asia. On the contrary, a military course—apart from its many other shortcomings—was precisely the type of approach



that found the West at its greatest disadvantage in Asia. No Asian military action by a Western power since 1945 had yet resulted in final success: one had failed (Indonesia), those still in process were becoming more difficult, and all had tended to raise a host of political complications. It seemed correct to conclude that the importance of politics in dealing with Asian problems was increasing, not diminishing.

The United States had often been regarded in friendly fashion by Asians and continued to possess a degree of Asian good will. To increase this good will and erase misunderstanding was not primarily a matter of spending money or merely of promoting modern techniques, even though a large-scale, well-conceived technical aid program might contribute to an effective policy. The chief problem was rather one of encouraging, or not seeming to stand in the way of, Asian aspirations. In the main the necessary steps—land reform, the modernization of production, the elimination of illiteracy, and so forth—were steps that only Asians could take. Even where modern technique was important, and a foreign country could therefore assist, the internal will to reform was primary. If the American position was to be one of effective and progressive influence, the United States would have to encourage Asian elements that were genuinely committed to changing their countries rapidly.

The old order in Asia was in dissolution, but a new order remained to be created. It was in the basic interest of Americans to play a helpful role in shaping this new order through policies that would promote peace, the extension of freedom, and higher living standards. The tides in Asia were running high. Even the strongest ship would have to adjust its course to them, to reach its objective safely.

# CHINA

LAWRENCE K. ROSINGER

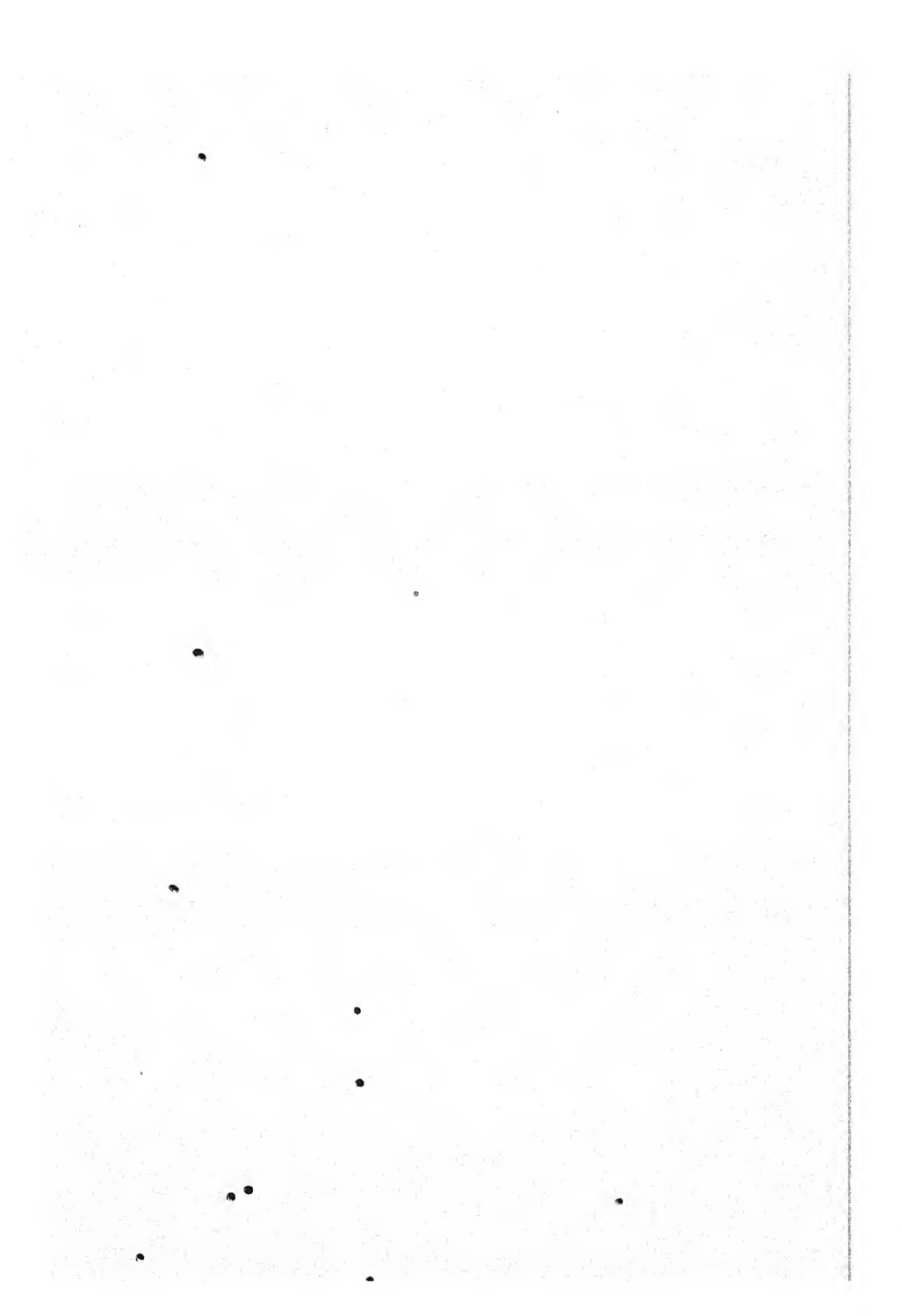


THE victory of the Chinese Communists in the civil war of 1946-9 is the latest phase of a revolutionary process that has been under way in China for more than a century. In this process an ancient, once relatively unchanging society has been increasingly altered by powerful internal and outside forces. Since many non-Asians were unaware of the Chinese Revolution until the Kuomintang-Communist struggle became interwoven with tense American-Soviet relations after World War II, it is desirable to trace recent developments briefly to their sources in the past.

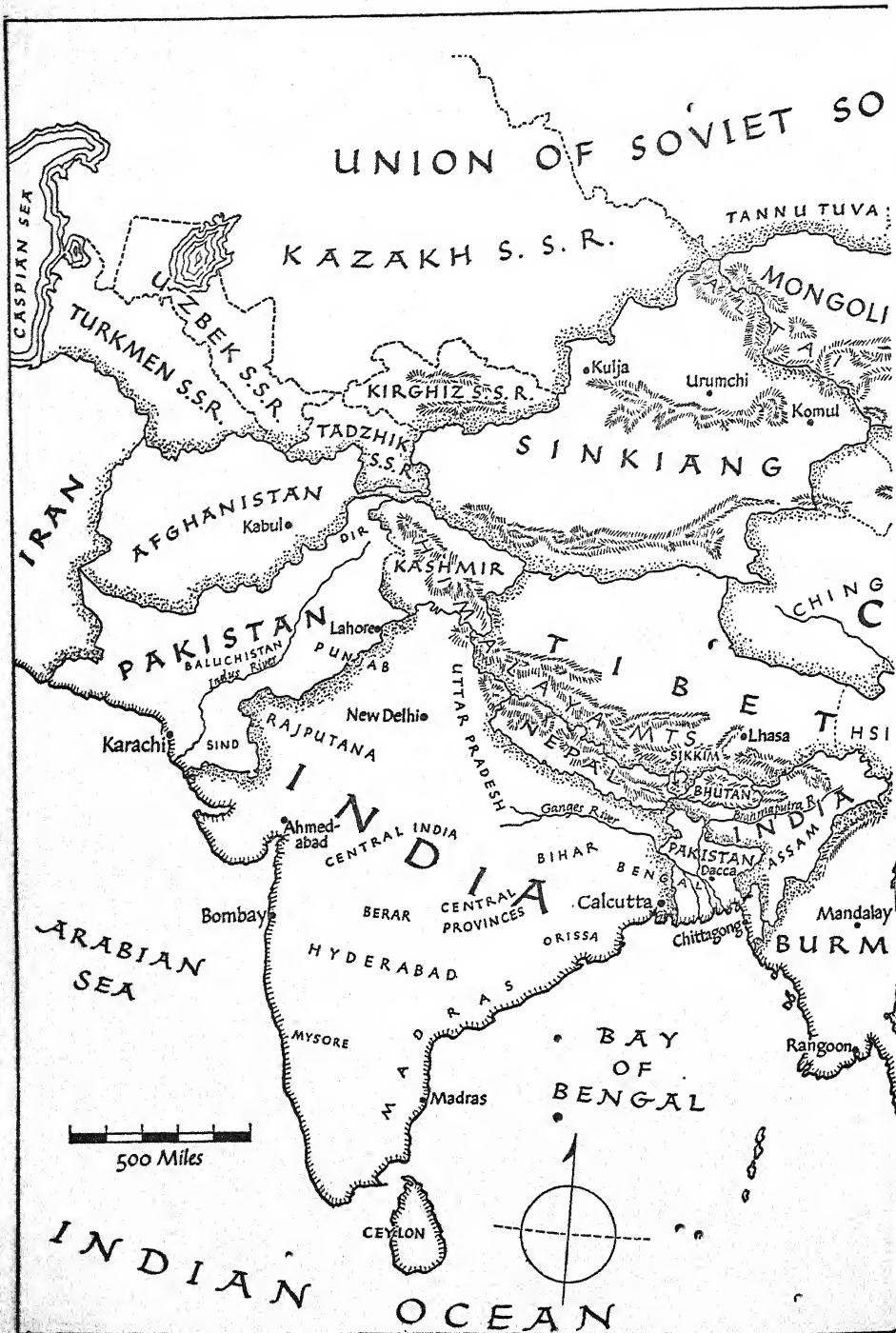
The old China was a vast decentralized country in which a ruling class of scholar bureaucrats and gentry controlled a poor, illiterate, predominantly peasant population. The state was autocratic and society hierarchical, but there was no caste system or important hereditary nobility. The family was the center of the social order.

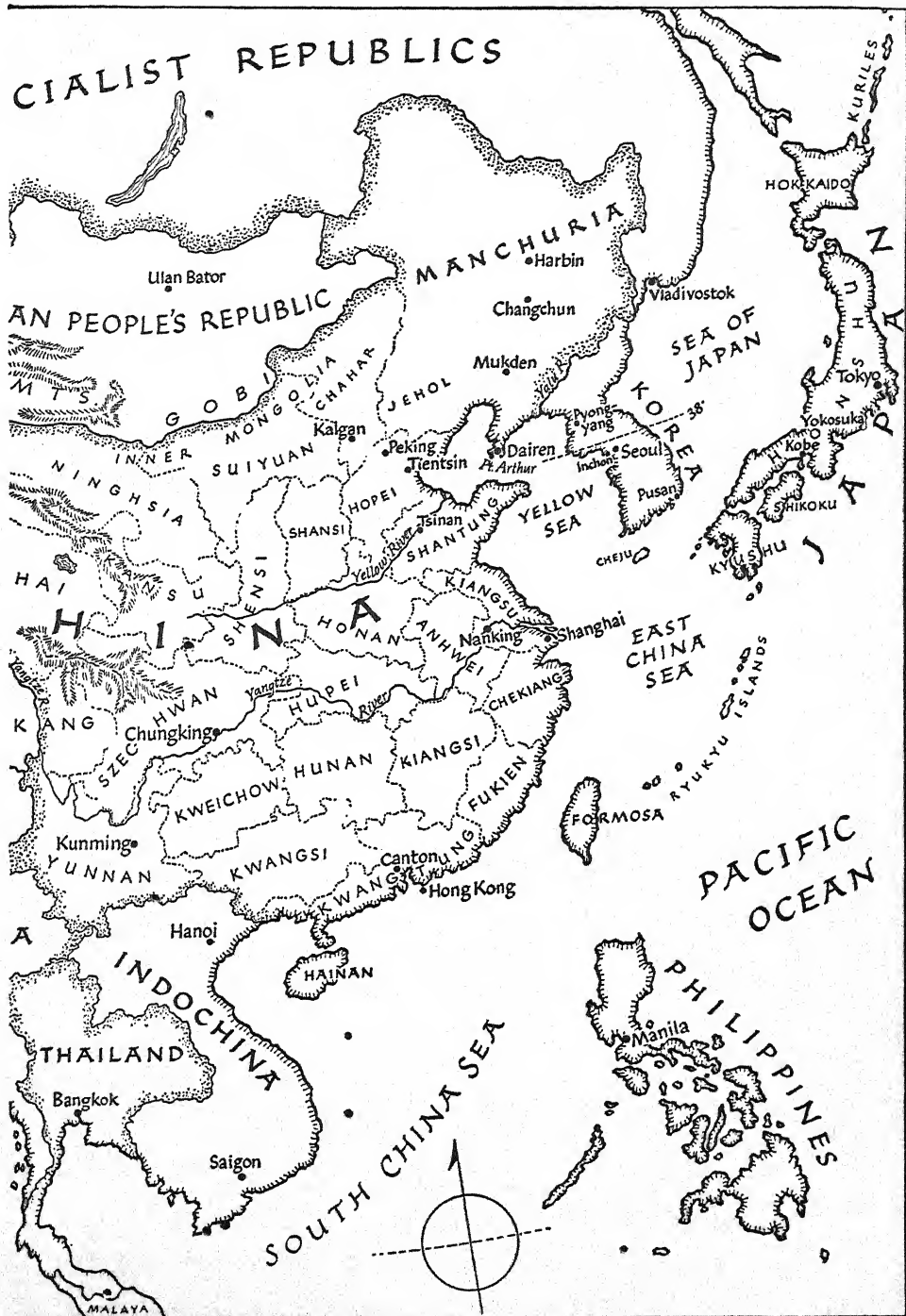
The Anglo-Chinese war of 1839-42 in which Britain humbled the Manchu dynasty, the further military defeats imposed by the West in the 1850's, and the resulting special privileges obtained by the powers changed the traditional Chinese pattern. The new type of invader—unlike past Asian invaders across China's land frontiers—could not be absorbed, nor could imperial China compete economically or militarily with the West and, later, Japan. War and other forms of pressure by the powers opened the country to foreign trade and capital on terms unfavorable to China. Parts of China were annexed, "leased," or converted into "spheres of influence," and many other disabilities were imposed.

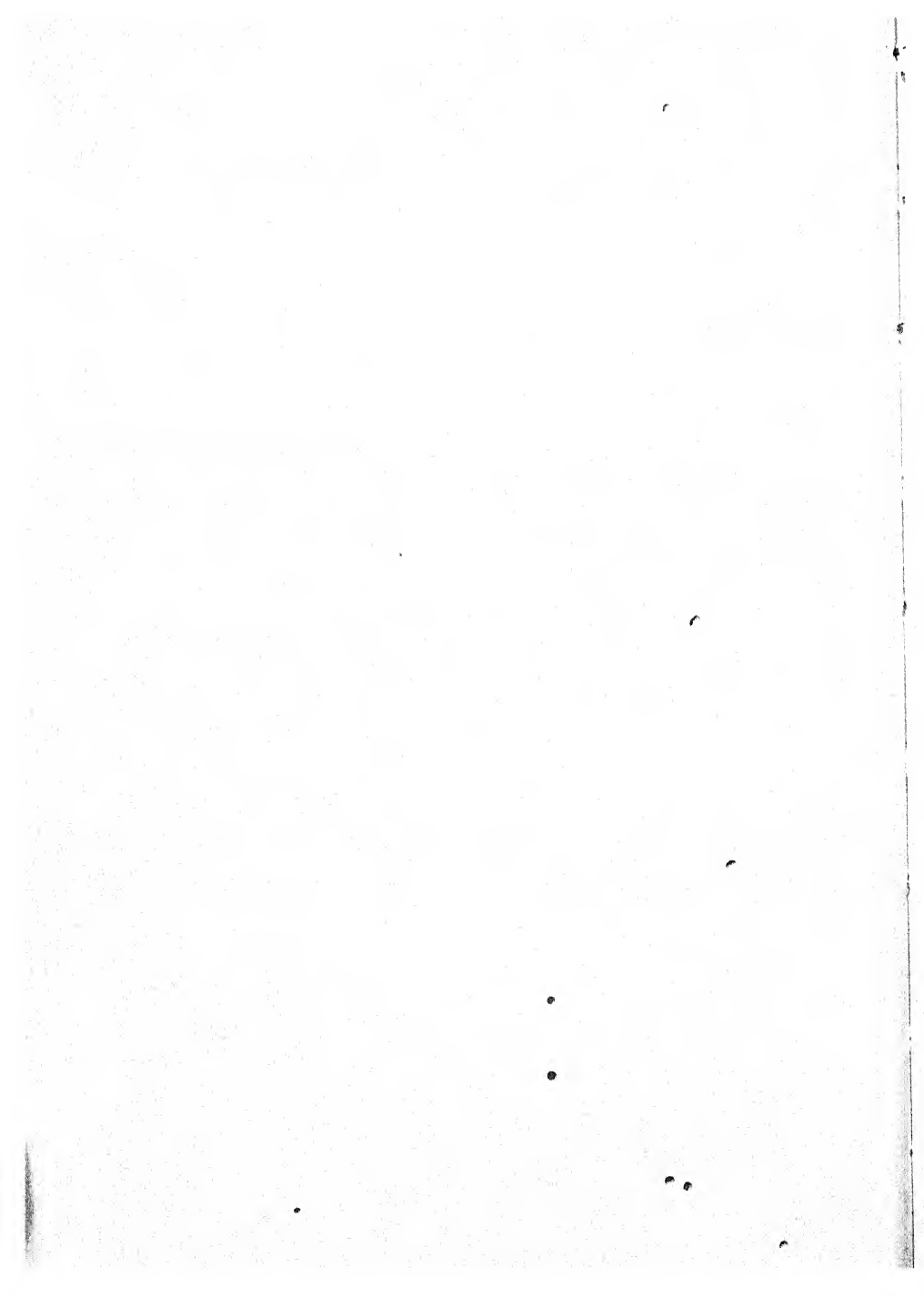
These humiliations came at a time when the ruling dynasty











was already crumbling from within. The Taiping Rebellion, a vast peasant uprising in the middle of the nineteenth century, almost supplanted the alien Manchus with a new, Chinese dynasty. Later, in 1898, a group of officials and scholars, working through a young and sympathetic emperor, tried to turn the Manchu dynasty into a constitutional monarchy. But the reformers were crushed by ultraconservative court circles. At the very end of the nineteenth century and in the early years of the twentieth century there developed a new revolutionary nationalist movement that ultimately gave birth to the Kuomintang, or Nationalist party. Sun Yat-sen, the principal nationalist leader, was a radical intellectual of peasant origin, who came strongly under the influence of progressive Western and Japanese ideas. According to his formula of the *San Min Chu I* (Three Principles of the People), China's main needs were national independence, political democracy, and the improvement of the people's livelihood.

Sun's movement had its first success in 1911-12, when the dynasty was overthrown and replaced by a republic. But the young republic was soon subverted by a monarchically minded president (Yuan Shih-kai), the nationalist movement faced severe repression, and a period of provincial warlordism followed. On the other hand, during World War I the economic foundations of nationalism were strengthened through the growth of Chinese industry, and there was a marked intellectual ferment among China's professors and educated youth.

The old Confucian philosophy came under sharp attack; the vernacular was introduced into literature, replacing a dead, classical literary language; and new concepts of family life and government were eagerly taken up. The young men of the time turned abroad for answers to China's problems. Some looked toward Britain, the United States, and France, leaders of parliamentary democracy; others toward Japan and Germany, which had rapidly modernized their economies and attained military power. After the Bolshevik Revolution some turned toward Soviet Russia, whose attacks on imperialism were accompanied by offers to give up Tsarist privileges in China.

In the early twenties, with the Kuomintang in a desperate state, Sun Yat-sen sought the support of the Western powers and Japan. When no help came, and Moscow offered aid, Sun

formed an alliance with the Russians and the Chinese Communist party, which had been organized in 1921. At the beginning of 1924 the Kuomintang was reorganized: Chinese Communists were admitted as members and leaders, a new Nationalist program concentrated on anti-imperialism and antiwarlordism, and a strong appeal was directed not only to the middle class, but also to labor and the peasantry.

Soviet and Comintern political and military advisers now worked closely with the Kuomintang (which had its base in south China, especially at Canton). The small Chinese Communist party, which had become a force among Chinese intellectuals and urban workers, operated within the framework of Comintern directives. The Chinese Revolution of 1924-7 was a Chinese movement, arising out of China's needs and aspirations, but its development reflected extensive Soviet influence. Soviet and Chinese Communism succeeded in identifying themselves, in this major period, with non-Communist Chinese nationalism, while the non-Communist powers were linked in varying degrees with the conditions the Nationalists were opposing.

These years were marked by vigorous Chinese popular pressure on the foreign powers holding special privileges in China; by extensive organization of labor and peasant unions under Communist and left-wing Kuomintang leadership; and by a northern military campaign that destroyed many of the warlords and weakened others. The commander-in-chief of this campaign was Chiang Kai-shek, an associate of Sun Yat-sen who had come to the fore after Sun's death in 1925.

After the fall of Shanghai and Nanking to the Nationalists in March 1927, the heterogeneous Kuomintang-Communist coalition broke up. The Kuomintang right wing, led by Chiang Kai-shek, took widely effective measures to suppress the Chinese Communists, and virtually wiped out the non-Communist left wing of the Nationalist party. The main cause of the split was a fundamental difference over whether the Nationalist revolution was to continue as a far-reaching social reform movement, which would affect not only the foreign powers and the warlords, but also the dominant Chinese economic groups. The left favored this course; the right desired a strong nationalist government, but feared rapid and drastic social change.

Chiang Kai-shek's new National Government at Nanking was

stronger and controlled more territory than any previous republican administration in China. It was also recognized by the powers (except Russia, with whom Chiang had broken in 1927<sup>1</sup>). On the other hand, the warlords had not been completely destroyed, and the chief foreign privileges continued. Steps toward the recovery of various rights from the powers were initiated by Nanking, but these efforts came to a halt with the Japanese invasion of Manchuria in 1931. Nanking gradually made some progress in modernizing China's political structure, developing railways and other communications, carrying out currency reform, and training technical personnel. But the over-all results were slight in terms of China's needs, and technical improvements were not accompanied by the extensive social change, especially in the countryside, that effective modernization required.

The Nanking government enacted agrarian reform laws, but rural life remained unaltered. The millions of debt-ridden peasant proprietors, who were engaged in intensive cultivation of tiny plots, saw no benefits. Interest rates and taxes remained high, and the tenant farmer suffered from rents that were often extortionate. The landlord, who in many cases was also a local merchant, moneylender, and official, was the dominant political force in rural China and a major power—together with the military, and with urban commercial, industrial, and banking elements—in the provincial and national governments.

The government was in the precarious position of supporting a status quo that most Chinese found unsatisfactory. Many citizens continued to hope for the realization of earlier Nationalist promises, but there was a growing disillusionment, especially in the early thirties. This was not only the product of Nanking's failure to effect major improvements in the living conditions of the people, but was also a reaction to the often arbitrary, personal character of government, the frequently corrupt system of family and clique politics, and the rigid suppression of opposition. It was recognized that China's difficulties were enormous and that Japanese aggression posed great problems. But politically conscious Chinese expected more effective action, and were disturbed because Nanking temporized with or appeased Japan in the years following the invasion of Manchuria.

<sup>1</sup> Moscow and Nanking established relations in 1932.

While too weak to threaten the Kuomintang as a national power, the Chinese Communists succeeded, during the late twenties, in establishing a number of guerrilla bases, especially in south and central China. In 1931 they formed a Chinese Soviet Republic in Kiangsi Province. China's size, poor communications, and strong regionalism, in conjunction with the prevailing poverty of the people, created local conditions favorable to a well-organized, armed revolutionary movement.

It should be noted that in both imperial and republican China opposition groups have customarily won power by military, not parliamentary means. For all their differences, the founders of dynasties, the revolutionaries of 1911-12, the warlords, the Kuomintang of 1924-7, and the Communists have had this in common: their use of force to gain control of the country. In late imperial days and under the republic some Chinese tried to create a Western-type parliamentary system, but the middle class, historically the foundation of parliamentary democracy in other lands, has been small and weak in China.

During their early years the Chinese Communists emphasized first of all the organization of urban labor, the class they considered most important in the realization of their program. But in their later efforts to survive and grow by developing rural bases, they stressed measures to win the support of the poor peasants and rural laborers. Their policy during 1928-35 of expropriating landlords and dealing harshly with rich peasants limited their general appeal, but the resulting distribution of land apparently brought them much support in their own areas. Their usual military strategy was one of mobile and guerrilla warfare, carried out by an army that, in contrast to traditional Chinese armies, was indoctrinated to maintain friendly relations with the people.

A series of anti-Communist military campaigns by Nanking was largely unsuccessful until in 1934 troops of the Central (Nationalist) government finally forced the Communists out of Kiangsi. By this time the Japanese invasion was seriously threatening China's national existence, and the Kuomintang's failure to resist aroused bitterness among nationalistic Chinese, especially since the civil war continued. In August 1935 the Chinese Communists launched policies that ultimately led to a new united front with the Kuomintang. Their new program

which subordinated class conflict to an appeal for an all-inclusive national unity and the cessation of civil war in order to resist Japan, was part of a worldwide Communist program of advocating Popular Front movements against the Axis powers.

In the winter of 1935-6 a strong Chinese movement of students, businessmen, professors, journalists, and others was formed to press for internal peace and national resistance. Slowly the Kuomintang and Communists came together, announcing a unity accord in September 1937, some time after a new Japanese attack. In the first phase of the war with Japan, domestic differences were subordinated to the demands of resistance, although the roots of civil conflict continued to exist. The Kuomintang allowed a greater degree of urban freedom of speech and press, and the Communists modified their agrarian program and declared their acceptance of the Central government's overall leadership. China's weakness and Japan's strength confronted the Central authorities with enormous difficulties, but considerable ingenuity was shown in facing obstacles. Chiang Kai-shek was regarded as a national hero, and the Central government enjoyed a new internal popularity.

By the late autumn of 1938 the Japanese invaders held the main coastal and Yangtze valley centers. Important Kuomintang elements, led by Wang Ching-wei, deputy director-general of the party, argued against continued resistance; but Chiang Kai-shek would not yield, although Wang deserted to the Japanese. Defeatism grew within the government, because of its internal problems, the magnitude of the war, and Western appeasement of Japan during 1937-40.

In this period the chief outside aid to China came from the U.S.S.R. Subsequently American aid expanded, and the Japanese attack in December 1941 made the United States and Britain war allies of China. But rapid Western defeats in southeast Asia, the resulting further isolation of China, and the necessary Western strategy of concentrating first on Germany contributed to pessimism in Chungking, the capital of Free China.

The supreme leader of the Kuomintang and the government it led was Generalissimo Chiang Kai-shek. His main wartime strength was his determined nationalistic spirit, his main weakness his failure to effect genuine reforms, even in the army. Composed of loosely knit personal groups, the Kuomintang as



an organization came to be dominated by the "C.C. clique," an extreme right-wing faction with its own secret police. It should be recognized that, in retreating from the great cities, the government had been separated from the centers of the progressive business class, whose leaders desired a greater degree of economic modernization and efficiency. In Chungking the party and government were more dependent than before on the highly conservative landlord elements of the interior. This shift in support further affected the prospects of reform, for the extensive changes that the situation required would have alienated influential circles.

On the other hand, lack of change alienated the people. Inflation was a cancer in the life of Free China. Commodity shortages, war costs (met in large part by printing more currency), and low taxes on the wealthy were all reflected in ever rising prices and active black-marketing. Speculating landlords and merchants flourished; but private industry suffered, and most Chinese were hard hit, especially civil servants, professors, students, and other middle-class people. Many civil and military officials were drawn into profiteering and corruption, although others remained honest, often at great personal sacrifice.

The government became less self-reliant and increasingly insensitive to popular sentiment. As the gap between the regime and the people widened, sharp measures of repression were employed, and actions that had once seemed to herald reforms (such as the creation in 1938 of a People's Political Council, an all-party advisory body) proved meaningless. Armies that had fought hard grew passive, not only because of the length of the war and the odds they faced, but also because of unnecessarily inadequate food and care, mistreatment of soldiers by officers, and arbitrary conscription practices.

The war years were a test not only of the Chinese people's ability to survive, but also of the survival power of the two main Chinese groups. The material advantages in the domestic political struggle were overwhelmingly on the Nationalist side, for its armed forces, military equipment, economic resources, and trained technical personnel far exceeded those of the Communists, and it was the sole recipient of foreign military aid. Its problems were enormous—but not greater in relation to its

strength than those of the Communists in relation to their resources.

When the war began the Communists were still nursing the wounds of their defeat in Kiangsi and the resulting Long March to the northwest. With something under a hundred thousand troops, the Communists expanded from their base in the backward Yen-an region of one-and-a-half million people. Using against the Japanese the military and political tactics already developed in civil war, the Communist-led Eighth Route and New Fourth armies established guerrilla areas in the enemy's rear in north and central China, and near Canton in south China.

In north China the Communist-controlled guerrilla areas developed their own governments, issuing currency, collecting taxes, and passing laws. The policies followed were milder than those of the civil war period. Observers reported that rents, taxes, and interest rates were reduced; but landlords were not expropriated, and private rural industry was encouraged. Life was hard in the guerrilla regions, but economic policy somewhat lightened the peasant's burden and gave him a stake in resistance.<sup>1</sup> Officials were reported to be strongly indoctrinated in the importance of honesty, decent treatment of the people, and the organization of the population into an active political force. A dominant position in government was held by the Communists, who shrewdly limited themselves to minority representation, relying for retention of leadership on the appeal of their program, their effective organization, and their possession of key positions.<sup>2</sup>

At the end of the war with Japan the Chinese Communists claimed that a hundred million people lived in their areas. Whether or not the figure is exact, their expansion had been massive. It is generally agreed that this growth occurred without external aid and that American, Soviet, and other military assistance went exclusively to the Central government. The controversy of recent years over the question of Soviet material assistance to the Chinese Communists does not relate to this period.<sup>3</sup>

There was no doubt, of course, as to the ideological link be-

<sup>1</sup> See, for example, Claire and William Band: *Two Years with the Chinese Communists* (New Haven, Yale University Press, 1948).

<sup>2</sup> For the controversy mentioned here, see pp. 37-8.

tween the Communists and Moscow. Within this framework, however, the approach of the Chinese Communists to their areas seemed more and more to reflect their conception of Chinese realities rather than Russian experience or abstract formulas. This was the result of many factors, such as the isolation of the Communists in Kiangsi and other rural areas beginning in the late twenties, the increase in the percentage of party members of peasant origin after that time, and the gradual emergence to top leadership of Mao Tse-tung, whose strategy for winning power centered on the Chinese peasant.

Mao's policy involved an effort to "Sinify" Marxism; his method was to insist that the application of doctrine must meet Chinese conditions. Communism was the ultimate aim. But the immediate program, already described, included private ownership of land and an effort to win the support of varied groups. This program Mao called the "New Democracy."

The rather moderate nature of Yen-an's wartime measures added to the Kuomintang's problems in competing with its rival. For the future of each party depended partly on its ability to influence politically-conscious Chinese who had no definite party loyalties. These Chinese included many professors, students, and businessmen in the cities of Kuomintang China.

The weakening of the unity of the two major Chinese parties in 1939-40 and the frequent local clashes between Kuomintang and Communist troops alarmed many members of this "middle group." Internal conflict was hampering the prosecution of the war and, if continued, could result in China's defeat. In an effort to avert a catastrophe, a number of minor parties and organizations joined together, in 1941, in the Federation of Chinese Democratic Parties, which some years later became known as the Democratic League. In membership the federation was weak; it lacked a political machine, an army, and an area; and its supporters frequently suffered from police repression. It was important because of the prestige of many of its leaders and because it symbolized much unorganized Chinese opinion.

The United States was deeply concerned about the Chinese war effort, as well as about the future of the Chinese government. Early in 1942 Washington extended to Chungking a \$500,000,000 loan—actually a grant—and later that year Washington and London gave up various special privileges in China.

Along with the United States, the U.S.S.R., and Britain, China was a member of the allied Big Four, and largely because of American support it became one of the five permanent members of the United Nations Security Council, with the veto power.

In the latter part of World War II a serious American conflict developed over China policy. This conflict subsequently passed through many phases without being resolved, except to the extent that the postwar defeat of the Kuomintang made some earlier issues seem academic. One American viewpoint was that, while supporting the Chinese Nationalist government against Japan, the United States should avoid strong commitments to Chiang Kai-shek in internal affairs. A contrary American approach was that, in addition to backing Chungking against Japan, the United States should actively support the Kuomintang at home. Proponents of the first view feared that the second approach would encourage the Kuomintang to launch a civil war against the Chinese Communists, thereby destroying the Chinese war effort against Japan and severely straining the American-Soviet wartime alliance. Proponents of the second view feared that the first approach would weaken the Kuomintang and, along with it, America's postwar position vis-à-vis the Soviet Union. Each group had answers to the arguments of the other: the first held that reliance on a decaying Kuomintang would weaken, not strengthen, the United States; the second that the Kuomintang, given the necessary assistance, could easily limit the Communists to a minor position, and perhaps crush them.

The two viewpoints, and various intermediate shades of opinion, reflected divergent conceptions of both China and the world. The divergences related to such matters as the relative strengths of the Central government and the Chinese Communists, the real nature of the two main Chinese parties, the long-term durability of the American-Soviet alliance, the over-all strategy of World War II, the wartime military role of China against Japan, and the prospects of American-Chinese postwar relations. Personal factors also entered into the picture, as did American internal politics.

Beneath all these considerations lay still another basic matter: the judgment of the observer as to the importance of reform in China. The first group tended in general to feel that strong American pressure was required to produce the reforms that

could alone save the Kuomintang; the second group held that, while reform was desirable, the Kuomintang would have little difficulty maintaining itself if it possessed sufficient military force. In short, the China policy debate, dating from 1943-4, involved crucial decisions about the nature of the Chinese Revolution. Because of the sharp disagreement on China in the United States, American policy reflected a shifting combination of views. In general, the dominant policy was one of refusing the Kuomintang an unlimited commitment, but giving it considerable economic and military aid.

As a result of popular Chinese desires and the American policy of the time, Kuomintang-Communist unity talks began early in 1944. Chinese and American pressure for unity increased when a new Japanese drive, launched in the spring of 1944, revealed extreme weakness in the Central armies. But in October 1944, after a complex behind-the-scenes dispute, General Joseph W. Stilwell, Generalissimo Chiang Kai-shek's chief of staff and a leading advocate of the military necessity of Chinese unity, was recalled at Chiang's request. American representatives for a time continued their peace efforts as before, but later shifted to support of the Kuomintang in the Chinese internal conflict.

After Japan yielded in August 1945, Nationalist and Communist forces raced to take over the former Japanese-occupied areas. Wartime operations had placed the Communist forces near such key cities as Nanking and Peiping, while the Nationalist positions were mostly in the far interior. The United States now helped Chungking to meet this situation by flying three Nationalist armies to key sections of east and north China, to accept the Japanese surrender, and by landing more than fifty thousand United States Marines in north China. Altogether, in the months following V-J Day, the United States transported to new positions between four and five hundred thousand Nationalist troops, including some sent to south Manchuria.

By this time the Chinese problem was enmeshed in a very complex international situation, involving the United States and the Soviet Union, both of which had a stake in Chinese developments. To Moscow, China—especially Manchuria—was neighboring territory, whose status might either protect or threaten Russian security, and influence world events for or against the U.S.S.R. The Soviet-Nationalist alliance of 1924-7, for example,

had protected the U.S.S.R. and extended its influence in China, while Chinese resistance to Japan during 1937-45 had not only served China's national interest but had also raised obstacles to a Japanese attack on Russia from Manchuria.

Traditionally the American interest in China had revolved about trade, investments, and missionary activity. During and after the war the American military and political interest in that country was heightened; and Washington, like Moscow, found itself concerned about China's influence on its own security and strategy, China's role in Soviet-American relations, and the effects of Chinese developments on other parts of the Far East, such as Japan and Korea. While viewing China from increasingly different points of view, both powers recognized that this country of perhaps 475,000,000 people, living in a vast, strategically located territory, could play an enormous part in world politics.

Actions of great importance to China were taken at Yalta in February 1945, when President Roosevelt and Prime Minister Churchill agreed to support Premier Stalin in obtaining various special privileges from China, and the Soviet Union promised to join the war against Japan within three months after Germany's defeat. The result of the Yalta concessions was the conclusion of a Chinese-Soviet Treaty of Friendship and Alliance and certain supplementary agreements in August 1945.

China thereby conceded to the U.S.S.R., in a more limited form, some of the rights held by Russia in Manchuria before the Russo-Japanese war of 1904-5. The principal Manchurian railways and some associated enterprises were to operate under joint Chinese-Soviet management. Port Arthur was to be a joint naval base, and Dairen a free port—both under Chinese civil administration, but with an important position assigned to the Soviet Union. Moscow recognized Chinese sovereignty over Manchuria, promised to aid the Nationalist government and to deal with it as the only government of China, and stated that it would not intervene in Sinkiang, China's far northwestern province.<sup>4</sup>

The Yalta concessions on China, which were part of a larger Big Three accord, apparently rested on the belief that Soviet military aid was essential against Japan, that the wartime great-

<sup>4</sup> For further material on developments in Sinkiang Province, see the chapter on Mongolia, Sinkiang, and Tibet, pp. 112-20, below.



power coalition would continue after the war, and that it was highly desirable to regulate future Chinese-Soviet relations by treaty. The terms of the August 1945 agreements were welcomed widely in China and abroad, even though Chiang Kai-shek could hardly have liked them and many Chinese were undoubtedly disturbed by the granting of foreign privileges on China's soil. Later, as the wartime coalition gave way to the "cold war," there were many American critics of Yalta, and some attributed the Kuomintang's decline to this agreement. While the special Soviet position in Manchuria undoubtedly had an influence on the Chinese civil war, the evidence is that the Kuomintang's downfall was overwhelmingly the result of internal factors.

Events in the fall of 1945 suggested that Chiang Kai-shek was not in a position to defeat the Communists in civil war. It is true that during the opening phase of the renewed conflict the Central government added to its wartime territory the area of southeast China, the lower Yangtze valley, most of the large cities, and footholds in north China. But the Communists sent forces into Manchuria, considerably expanded their control of rural north China, including most of Shantung Province, and took over some important cities. In this process the Central armies suffered several defeats, although they retained a marked over-all superiority to the Communist troops in number and equipment.

While aiding the Kuomintang, the United States remained interested in the possibility of achieving a Kuomintang-Communist peace agreement. Late in August 1945 Ambassador Patrick J. Hurley was instrumental in bringing about a trip by Mao Tse-tung from Yen-an to Chungking for talks with Chiang Kai-shek, but a subsequent agreement on principles in October did not stop the civil war. This was a period of growing concern over China within the United States government. While some officials wished to give Chiang much stronger support, the dominant reaction was one of caution. There was a feeling that, in view of the many serious economic and other problems he faced, the Generalissimo was overanxious for a military solution and careless about the danger of overextending his forces.

Toward the end of November 1945 Ambassador Hurley, a proponent of large-scale aid to Chungking, resigned, and the



President named General George C. Marshall as a special envoy to China. On December 15, in a statement that was part of the new envoy's instructions, the President called for a cessation of hostilities in China, an early unification conference of China's "major political elements," the broadening of the National Government through "fair and effective representation" of other groups, and the integration of autonomous armies into the Chinese National Army. "United States support," he said, "will not extend to United States military intervention to influence the course of any Chinese internal strife," and he suggested that American military and economic aid would be conditioned on China's moving "toward peace and unity."<sup>5</sup>

In late December 1945 the United States, the U.S.S.R., and Britain agreed at Moscow on "the need for a unified and democratic China under the National Government, for broad participation by democratic elements in all branches of the National Government, and for a cessation of civil strife."<sup>6</sup> The available evidence indicates that both this statement and the earlier declaration by President Truman were in keeping with majority sentiment among politically conscious Chinese who, like the rest of their countrymen, earnestly desired a peaceful solution of internal differences.

On January 10, 1946, with General Marshall as a mediator, the Nationalists and Communists reached a cease-fire agreement, to take effect on January 13. A Political Consultative Conference of the Kuomintang, Chinese Communist party, Democratic League, and other elements, meeting in Chungking during January 19-31, adopted a unity accord providing for a coalition regime as a transition to constitutional government. China's armies were to be reorganized and nationalized, civil liberties protected, and reforms introduced in agriculture, industry, and education. The Kuomintang was assigned a preponderant position in the government and army, but the Communists seemed to have an assurance that their local administrations would not be destroyed. On February 25 the Kuomintang and the Communist party

<sup>5</sup>Text in *United States Relations with China* (Washington, D.C., Department of State, 1949), pp. 607-9.

<sup>6</sup>Text in Raymond Dennett and Robert K. Turner (eds.): *Documents on American Foreign Relations* (Boston, World Peace Foundation, 1948), Vol. VIII, pp. 829-30.

agreed that a sixty-division national army (composed of fifty Kuomintang and ten Communist divisions) would be created over a period of eighteen months.

The hopes raised in China by the Marshall mission were not realized, although many Chinese and Americans worked strenuously to achieve peace. The bitterness and suspicion between the two main Chinese parties was great, and neither trusted the other. Military violations of the truce later occurred on both sides, but the weeks immediately following the conclusion of the agreements were the decisive period for their success or failure. It was at this time that the rightists took the initiative against the peace accords by carrying out what General Marshall subsequently called "quite evidently inspired mob actions"<sup>7</sup> and by seeking important changes in the agreed terms.

The Chinese Communists, according to the American envoy, did not at that time appear irreconcilable.<sup>8</sup> On the whole, they were extremely careful to avoid being held responsible by Chinese opinion if the agreements broke down. They seemed acutely conscious of the long-term value of this approach in influencing the middle group, which in general regarded peace as its only hope of real survival. Some Kuomintang leaders—for example, Shao Li-tze and Chang Chih-chung, two of the government's peace negotiators—favored maximum efforts to make the agreements work. But the dominant Kuomintang elements apparently misjudged both the difficulties of winning a civil war and the extent of the commitment the United States would undertake in China. Although Washington's threat to deny aid had served to insure conclusion of the unity agreements, the rightists, including powerful military and political figures, did not believe that the United States would set sharp limits to its aid if the Central government was hard pressed during a military conflict. They also tended to believe that American-Soviet tension would grow and perhaps lead to an early third world war in which Kuomintang China would be an ally of the United States. Such considerations far outweighed all private words of caution from American representatives, especially since American aid continued, and in some ways expanded, during the crucial first half of

<sup>7</sup> Statement of January 7, 1947 in *United States Relations with China*, p. 687.

<sup>8</sup> *Ibid.*, p. 688.

1946, in which the Political Consultative Conference pacts broke down irreparably.

Manchuria was a key area of conflict, and an especially complicated one because of the presence of Soviet forces, which had engaged Japan's Manchurian army for a brief period after the Soviet declaration of war on Japan in August 1945. In the winter of 1945-6 several Chinese-Soviet disputes developed, as differences emerged over the status of the Dairen-Port Arthur area and it became known that the U.S.S.R. had removed an important segment of Japanese machinery from Manchuria as "war booty." In addition, Soviet forces occupied various non-treaty areas in Manchuria for some weeks beyond the final withdrawal date of February 1, 1946. (The Russians were originally to leave by December 1, 1945, but at the request of Chungking, which was not in a position to take over, the date was twice extended—first to January 1 and then to February 1.)

The Chinese Communists undoubtedly benefited from the presence of the Russians in Manchuria, for the Kuomintang was hampered by the timing of Soviet withdrawals and by Moscow's refusal, under its interpretation of the 1945 treaty, to allow Nationalist troops to enter the region by way of Dairen. The Russians apparently also played a part, directly or indirectly, in the acquisition of surrendered Japanese military equipment by the Communists.

It should be noted, however, that in many places outside the larger cities the Chinese Communist forces themselves effected the surrender of Japanese troops. Despite the Soviet actions, the Chinese Communists were considered by most expert observers to be fundamentally dependent on themselves for their material resources. General Marshall, for example, privately warned high Central officials in September 1946 that, if the civil war deepened, the Communists might "be driven to seek and be dependent upon outside support, such as Russian aid"—a statement that would have been pointless if Yen-an had been thought to be relying on Soviet help.<sup>9</sup> In January 1947 he stated publicly that he knew of no evidence that the Chinese Communists were being supported by Russia.<sup>10</sup> Again, in October 1947, Amba-

<sup>9</sup> Quoted from the official United States paraphrase of Marshall's remarks, *ibid.*, p. 187.

<sup>10</sup> *New York Times*, January 12, 1947.

sador J. Leighton Stuart reported that there was "little if any evidence of material assistance from Moscow."<sup>11</sup> These impressions were reinforced, as the civil war mounted in intensity, by the increasing Communist use of American equipment taken from Nationalist troops.

Meanwhile, a basic feature of the postwar period was making itself felt: the reaction of the Chinese people in the Kuomintang and Communist areas to the kind of government they were living under. The Kuomintang was at first welcomed in the cities it took over from the Japanese. The problems of postwar reconstruction were considerable, but despite shipping shortages, railway damage, inflation, the need to restore domestic trade, and other problems, the situation had favorable aspects. The government's gold and foreign exchange reserves totaled more than nine hundred million U.S. dollars at the end of 1945; much of the war-time damage to economic facilities could be repaired in a fairly short period; and extensive industrial properties were inherited from Japan. What the economy needed to make these assets effective was peace, accompanied by increased revenues and a cut in military expenses.

Popular disillusionment set in as officials proved corrupt and prices soared. Private industry suffered from the unstable economy, as well as from the privileged position of government enterprises. The Central budget, devoted mostly to military items, was increasingly unbalanced. There was no land reform, the peasant bore a continuing burden of conscription, and the armies consumed food needed by the cities. The cutting of railways by the Communists and the separation of the northern Nationalist-held cities from the food and raw materials of the Communist-held countryside were also extremely important in adding to the problems of the Kuomintang.

Because the Kuomintang was generally believed to have taken the initiative in resuming civil conflict, and because conditions in its territory were so unsatisfactory, the politically conscious section of the urban middle class, especially the intellectuals of Shanghai and Peiping, became ever sharper in their criticism. The Kuomintang's principal answer was repression and use of the secret police. A new constitution was adopted late in

<sup>11</sup> *United States Relations with China*, p. 832.

1946, and other reforms were announced at intervals, but the grim realities of Chinese life remained unchanged.

At the same time the Chinese Communists were carrying forward under postwar conditions the policies they had developed during the war. As before, life was not easy in their areas: much fighting took place in Communist-controlled territory in 1946-7; the armies had to be fed; the countryside was isolated from the cities; and excesses were sometimes committed. But the local and regional governments tried to minimize these problems by keeping expenses low (the entire officialdom, including Mao, lived on an austere economic level), by distributing the tax burden approximately according to wealth, and by engaging in extensive political indoctrination to maintain morale.

The theme of the Communists' land program changed from rent reduction to large-scale redistribution: the landlords were reduced to a peasant status, and their expropriated land was parceled out among millions of landless and land-poor peasants. The surplus land of many "rich peasants" (a category of peasant just below the landlord level) was also taken. In this explosive process much violence was used against landlords, and policy was sometimes applied so indiscriminately as to affect ordinary peasants. Alarmed at reports of the alienation of many "middle peasants" (who were neither to receive expropriated land nor to lose any of their existing land), the Communist leadership in late 1947 and early 1948 warned the party's rural personnel to curb the tendency toward excesses. The main long-term effect of the program was to create a landed peasantry under Communist auspices in large areas of Manchuria and north China, as well as in parts of central China. The existence of this new peasantry, with an economic stake in its government, strengthened the position of the Communists in the civil war.

The Communist formula for attaining and expanding power had long included three elements: the party, the army, and a "united front" with various "revolutionary classes" (especially the workers and peasants). The party machine, operating from village and town cells up to the level of the National Congress and Central Committee (with the Political Bureau as its nucleus), was an efficient, disciplined, highly indoctrinated organization. Its leaders and many of its ordinary members displayed an iron sense of dedication to a cause.



The army—originally named the Chinese Red Army, then the Eighth Route (or Eighteenth Group) and New Fourth armies during the war with Japan, and later the People's Liberation Army—was also efficient, disciplined, and indoctrinated. One American observer wrote of it early in 1949:<sup>12</sup>

The Communist Liberation Army is a unique fighting organization which owes its successes more to its leadership, its morale and its contact with the people than to its material strength. The Nationalists have often shown in their better days that they could fight as bravely as the Communists, but they have never been able to match the adaptability of the Reds to the peculiar conditions of warfare in China.

The "united front" policy involved an appeal not only to the peasants, but also to labor, the intelligentsia, and even sections of the Chinese business community. The Communists devoted careful efforts to winning the support of, or at least neutralizing, as many members of these groups as possible. Over the years, thousands of intellectuals were trained as organizers of the peasantry—a combination of tiller and scholar which was new in Chinese politics. The Taiping Rebellion, while arousing the peasants, had been opposed by the scholars; Sun Yat-sen had aroused the intellectuals, while making little impression on the countryside. The combination of both elements constituted a powerful force.

It would be hard to overemphasize the political importance of the Kuomintang's loss of the intelligentsia, which had traditionally wielded great influence in China. Frustrated in their hopes for national reconstruction, and harassed politically and economically, many liberal scholars, writers, and artists came to feel that they had nothing to look forward to under the Nationalists, but would, or might, have a future under the Communists. They realized that the Communist areas followed a monolithic doctrine and restricted civil liberties. But the liberals also observed that the Communists, unlike the Kuomintang, actively encouraged certain forms of criticism of the workings of government, and knew how to combine their own predominant leadership with an ability to work in coalition with others. To many

<sup>12</sup> A. T. Steele, *New York Herald Tribune*, May 18, 1949.

members of the middle group the alternatives seemed increasingly to be a sterile Chinese anti-Communism and a Chinese Communism that perhaps offered a way out. Ideally they would have preferred a constructive non-Communism, but this hardly existed in practical Chinese politics.

American opinion tended increasingly to see China largely as a factor in the "cold war." But most politically conscious Chinese shrank from this approach, fearing that their country would become a battleground in a new world conflict. American and Soviet preferences carried little weight with them; and even to the intellectuals, ideology was usually not the crucial factor in choosing between Chiang and Mao. It is also worth remembering that—particularly as a result of the Kuomintang-Soviet-Chinese Communist alliance of 1924-7—the Sun Yat-sen type of philosophy characteristic of the middle group contained Marxist features as well as liberal Western and other elements.

In its traditional stronghold—its leadership of Chinese nationalism—the Kuomintang also lost prestige. Its heavy reliance on aid, or the hope of aid, from an outside power, the United States, was an aspect of this development. Moreover, nationalism meant to the Chinese not only the existence of a national government, but its effective operation for purposes of national construction. No government that failed in this domestic work could long satisfy the nationalistic spirit.

During the civil war of 1946-9, Chinese leftists and Communists unceasingly denounced the Central government as subservient to the United States. These attacks fell on fertile soil in intellectual and other middle class circles. On March 18, 1948, the American Embassy in Nanking (which had again become the national capital after the war) reported that "the slow increase of anti-American sentiment in the country is noteworthy" and referred to "a common conviction . . . that the Generalissimo is, in fact, leading the country to ruin and chaos, and that he could not do so if it were not for the support which the American government has given him."<sup>13</sup>

The trends just described were a crystallization of many day-to-day developments in the civil war and China's international relations. During the months after it launched its military

<sup>13</sup> Message to the Department of State in *United States Relations with China*, p. 906.



campaign in the summer of 1946 the Kuomintang won victories, adding to its territory most of the Communist-held cities, as well as sections of the Communists' rural areas. In March 1947 Yen-an fell. But the Communists did not, as in 1927 and 1934-5, suffer a basic defeat and the Central government failed to reach what must have been its minimum goal: effective control of the north China railway network.

The strategy of the Communists was not to concentrate on holding territory, but to try to inflict on the Kuomintang much greater losses in men and equipment than they themselves suffered. For its territorial successes of 1946-7 the Central government paid a high price. In the spring of 1947 the Communists took the offensive, and in the summer their troops struck across the Yellow River into central China. The Kuomintang never regained the initiative, but resorted to the defense of fortified strong points, which the Communists bottled up and later took one by one.

American policy toward China also passed through various phases. In January 1947 General Marshall left China to become secretary of state, after issuing a public statement on the failure of his mediation efforts.<sup>14</sup> He described as the chief obstacle to peace "the complete, almost overwhelming suspicion with which the Chinese Communist Party and the Kuomintang regard each other." In the Kuomintang he found "a dominant group of reactionaries who have been opposed, in my opinion, to almost every effort I have made to influence the formation of a genuine coalition government." They had, he said, "evidently counted on substantial American support regardless of their actions."

General Marshall criticized sharply the Communists' attacks on American policy, their refusal to join the constitutional assembly held late in 1946, and the "radicals" among them, whom he viewed as seeking the Central government's collapse, "without any regard to the immediate suffering of the people." But in addition to the "radicals," he felt there was "a definite liberal group . . . especially of young men who have turned to the Communists in disgust at the corruption evident in the local governments." His conclusion was that "the liberals in the Gov-

<sup>14</sup> For text, see *ibid.*, pp. 686-9.

ernment and in the minority parties" should assume leadership under Chiang in an effort to attain "unity through good government."

During 1947 war weariness became widespread in Kuomintang China. In February one of a series of economic crises occurred. Late that month and in March a non-Communist revolt erupted on Formosa, mainly as a result of local resentment at maladministration by officials sent from the mainland. The uprising was broken by the indiscriminate shooting down of thousands of Formosan Chinese. In April, largely in response to American pressure, cabinet changes took place in the Central government. Ambassador Stuart, who wished to help rejuvenate the government by encouraging the relatively liberal elements in the Kuomintang, noted that the extreme right wing was still dominant in the party. In May a new economic crisis was accompanied by rice riots, strikes, and student demonstrations. In October 1947 the government banned the Democratic League.

Since the war American military and economic aid to the Central government had taken such forms as postwar lend-lease, the transfer of surplus property and naval vessels, Export-Import Bank credits, and a preponderant American share in the funds of the United Nations Relief and Rehabilitation Administration. Out of a total U.N.R.R.A. expenditure of \$658,400,000 in China during 1945-7, the American share constituted \$474,000,000. In July 1947, when the Central government was clearly in serious difficulties, President Truman sent to China (and Korea) an investigating mission headed by Lieutenant General Albert C. Wedemeyer, who had once served in China as General Stilwell's successor. Wedemeyer issued a scathing public statement about the need for reform and, in a secret, official report<sup>15</sup> that was later published, proposed far-reaching military and economic aid to the Nationalists, extensive reforms, and the appointment of American advisers to supervise use of the aid.

The Wedemeyer mission stimulated the continuing American debate on China policy. Two principal and closely connected issues were these: whether or how to give the Nationalists further aid, and how much importance to attach to reform in judging the China situation. These questions were examined

<sup>15</sup> For text, see *ibid.*, pp. 764-814.

within an international framework of growing American-Soviet tension, and increasingly the main theme of China's policy was Russia rather than China.

The Wedemeyer report asked, in essence, that the United States assume direction of the Kuomintang's civil war effort.<sup>16</sup> In view of Chinese Communist strength, this meant undertaking a commitment of indefinable duration, scope, and cost. China would at once become a major area of American cold-war strategy, and the preponderant American emphasis on Europe would inevitably be affected. The prevailing view in Washington was that the United States would be overcommitting its strength if it tried to act on the same scale in Asia as in Europe; that Asia's temper and stage of development made it desirable to avoid any deep American involvement in unstable situations there; and that Europe came first because its industry was the decisive element of modern economic power outside the United States and the Soviet Union. In Asia, moreover, Washington regarded Japan as its major military position and thought largely in terms of island bases for air and naval power rather than of continental positions.

The China policy debate was immersed in American domestic politics, and it was often impossible to tell where pure and simple electoral considerations ended and foreign policy began. After the summer of 1947 Republican critics of China policy and Democratic defenders weighed their statements increasingly in terms of votes to be won or lost. The Administration rejected the fundamental outlook of the Wedemeyer report and at first moved slowly under Republican pressure for new aid to Nanking. But in February 1948 President Truman asked Congress to appropriate \$570,000,000 for economic aid to China over a period of fifteen months. After complex debates Congress passed an appropriation of \$400,000,000 for a twelve-month period. Of this sum \$275,000,000 was to be spent for economic purposes, and \$125,000,000 for military purposes.

The aid program was intended to give Nanking a "breathing spell," but the Kuomintang was declining too rapidly for that. In February Ambassador Stuart wrote that the Chinese government might "soon lack the minimum of popular support necessary

<sup>16</sup> See Walter-Lippmann: "The White Paper: Wedemeyer and Marshall," *New York Herald Tribune*, September 8, 1949.

for its survival.”<sup>17</sup> One official element, he said, desired to negotiate peace with the Communists through Soviet mediation, but Chiang’s group “hopes to sustain itself with whatever aid it can get, believing that in the final analysis it will be saved by a Soviet-American war.”

At a meeting of the National Assembly, which convened in April 1948 under the terms of the 1946 constitution, Chiang declared that “seven of the government’s best divisions were destroyed in Manchuria” and conceded “serious military mistakes.” He also made this promise: “I guarantee within six months to annihilate all Communists below the Yellow River.”<sup>18</sup> The National Assembly was a weak body, but angry; and representatives from north China and Manchuria were especially critical of the government. Chiang was elected president of China, but the Assembly rebuked him and the Kuomintang machine by electing a “reform candidate”—General Li Tsung-jen, the top Nationalist commander in north China—to the vice-presidency. One correspondent called Li’s election “a protest against the whole bureaucratic system built up over the last twenty years under President Chiang’s leadership.”<sup>19</sup> Though hardly affecting Chiang’s power, Li’s victory was symptomatic of the cracking of the Kuomintang under the pressure of military defeat.

In the spring of 1948, with American assistance voted by Congress in December 1947, the rationing of foodstuffs began in Shanghai, Nanking, Tientsin, Peiping, and Canton. Later, under the economic appropriation of \$275,000,000, quantities of food, cotton, fertilizer, petroleum, and other essentials were imported, and industrial reconstruction projects were launched. The United States was helping to maintain the economy of the Kuomintang cities. But the Central budget for 1948 was much more unbalanced than that of previous years, and from January through July 1948 Shanghai wholesale prices rose by more than 4,500 per cent.

In August 1948, when the existing note issue had become practically worthless, Nanking announced a new note issue—the Gold Yuan—to replace the old currency. In order to help achieve economic stability, strict price controls were to be carried out,

<sup>17</sup> *United States Relations with China*, p. 842.

<sup>18</sup> *New York Herald Tribune*, April 10, 1948.

<sup>19</sup> Tillman Durdin in the *New York Times*, May 2, 1948.

and gold and foreign currency held by the people, as well as by the banks, were to be turned in for the new bills. The Gold Yuan remained relatively stable for a few weeks, especially in Shanghai, where drastic enforcement measures were employed. After that prices again began to soar, the note issue declined rapidly in value, and by the end of October controls were abandoned. The collapse of the Gold Yuan caused the Chinese middle class to lose considerable sums in hard-currency savings. With this money, which had been forced from the middle class by fear of punishment, went virtually its last shred of faith in the government; and to the extent that credence had been given to official assurances about the new currency, the disillusionment was all the greater. It would be difficult to overestimate the importance of the Gold Yuan experience as a turning point in urban Chinese thinking about the government.

Economic changes reflected and influenced military developments. Defections from the Central forces in the winter and spring of 1948 revealed a marked weakening of their will to fight. In September the final Kuomintang crack-up began, with the loss of Tsinan, capital of Shantung province. The Communists next moved swiftly on the Manchurian front, where the Kuomintang's key supply base at Chinchow fell in mid-October. Changchun followed a few days later and Mukden by November 1. This ended the struggle for Manchuria. The center of operations soon shifted to Hsuehchow, the railway hub of north central China, which fell at the beginning of December. It was not until early January 1949 that the Communists successfully concluded the battle of the Hsuehchow area. Their forces took Tientsin on January 15 and Peiping on January 31.

The American military attaché at Nanking later estimated that in the four-and-a-half months from mid-September 1948 through January 1949 the Central forces lost more than 140,000 American rifles and several times that number of other rifles. In the same period the Communists were estimated to have incorporated about two hundred thousand former Nationalist soldiers in their fighting troops and perhaps four hundred thousand others in their service units. At the beginning of 1948 the Nationalists had had a superiority of more than two and a third to one over the Communists, but by February 1, 1949, the Com-



munists outnumbered the Nationalist forces and had a one-and-a-half to one superiority in combat effectiveness.<sup>20</sup>

The Kuomintang defeats in the fall of 1948 confronted the United States with basic policy decisions. On November 6 the embassy at Nanking cabled Washington the unanimous view of a conference of top American military personnel in China, that "short of actual employment of U.S. troops no amount of military assistance could save present situation . . ." The message added, after noting that the use of American troops was impossible: "We reluctantly reach conclusion, therefore, that early fall present Nationalist Government is inevitable. . . . we shall have to make the best of a bad situation and save what we can from the wreckage."<sup>21</sup>

Two days later the embassy wrote this epitaph: "There is a tendency on our part to forget that Chiang succeeded as a revolutionary. . . . It was his fate that there should develop in China another revolution in competition with his own, and that, in the broader view, the KMT [Kuomintang] has become to the Communist revolution what the old, war-lord regimes were to Chiang as he rose to power."<sup>22</sup> On the military side Major General David Barr, director of the Joint United States Military Advisory Group in China, added a footnote in a report of November 16 to the Department of the Army: "No battle has been lost since my arrival due to lack of ammunition or equipment. Their military debacles in my opinion can all be attributed to the world's worst leadership and many other morale destroying factors that lead to a complete loss of the will to fight."<sup>23</sup>

Meanwhile, the Chinese Communists were consolidating control over old and newly won areas and laying the basis for a future government. So far they had not established a central regime, and their territories were linked together principally by a common military strategy and the Communist organizational network. Partly because they did not expect the Kuomintang to fall as soon as it did, they moved slowly in creating a formal over-all authority for their areas. A preliminary step was taken

<sup>20</sup> *United States Relations with China*, pp. 322-3.

<sup>21</sup> *Ibid.*, p. 894.

<sup>22</sup> *Ibid.*, p. 919.

<sup>23</sup> *Ibid.*, p. 358.

when they called for a new Political Consultative Conference in one of their 1948 May Day slogans. The organized anti-Nanking liberal and left-wing elements to whom this slogan was addressed were represented largely by refugee political groups in Hong Kong, including a revived Democratic League and the Revolutionary Committee of the Kuomintang. The latter had been established by dissident Kuomintang figures under the leadership of Marshals Feng Yu-hsiang and Li Chi-shen.

The Democratic League, the Revolutionary Committee, and similar organizations advocated the cessation of civil war on the basis of destroying the existing rule of the Nanking government. They expected to join in a coalition regime with the Communists, and from August 1948 on there was a considerable movement of their leaders to Communist territory. In November the Communists and these elements, meeting in Harbin, agreed to assemble a Preparatory Committee of a new People's Political Consultative Conference in 1949.

As Kuomintang morale declined, many leaders in Nanking came to feel that peace negotiations with the Communists might offer a way out of the government's crisis. There was growing Kuomintang pressure on Chiang Kai-shek to resign as a prelude to peace talks. On January 21 he announced that he had decided to "retire" and that Vice-President Li Tsung-jen would assume the presidential duties and powers. The phrasing was ambiguous, however, and did not exclude Chiang's resuming the presidency at a later date.

Following his "retirement," Chiang continued to direct affairs or to participate in them, from behind the scenes. He was able to do this because his power did not derive from the presidency, but from his military and political connections and his leadership of the Kuomintang as a party. For some time before leaving Nanking he had taken concrete steps to insure his future supremacy in the Kuomintang. In December 1948, for example, Nanking arranged with the United States government for the delivery to Formosa of all military aid marked for shipment to Shanghai, and Chiang ordered the transfer of government gold reserves to Formosa and Amoy, where they would be under his control.

Early in January 1949 one of Chiang's sons—Chiang Ching-kuo—became head of the Kuomintang on Formosa, and Chen



Cheng, a trusted general, was appointed governor of the island. Troops, air force and navy units, and many officials also went to Formosa, while preparations were made to shift the capital from Nanking to Canton. The Generalissimo's plans clearly placed particular emphasis on Formosa—an area known to be of interest to the American military, and difficult for the Communists to take because of the water barrier.

Li Tsung-jen apparently hoped to win back much of the middle group that had been lost by Chiang. If he could do this, he would be strengthened not only for peace negotiations, but for further military resistance if the talks failed. New popular support might also be a factor in inducing the United States to give him aid. Some Westerners, as well as certain Chinese middle elements, saw in Li's efforts the possibility of a reformed Kuomintang, capable of holding its own with the Communists.

But Li's plans were not realized. He did not control the larger part of the army, an important section of the bureaucracy did not support him, his financial position was desperate, and he could not make an agreement committing Chiang. Even though the greater part of China, containing more than half the population, was not under Communist control, only the shell of a non-Communist Central government remained. While Li obtained the backing of various Kuomintang leaders, he was not able to curb Chiang or to attract major middle-group support.

Aware that they had already won a military decision, the Communists declared that they would not allow their victory to be diluted by concessions to the defeated Kuomintang. But they were presumably interested in the possibility of avoiding or shortening future military operations. Late in December 1948 they had named some forty "war criminals," including Chiang, Li, and others, who were to be punished when captured. And on January 14 Mao Tse-tung listed the main Communist peace terms in an eight-point program, which included: punishment of "war criminals," abolition of the Nanking government, "reorganization" of the Kuomintang armies, agrarian reform, and the calling of a Political Consultative Conference without "reactionary elements," to establish a coalition government that would take over power from the Kuomintang.

Li Tsung-jen stated on January 23 that Nanking was willing to negotiate on the basis of Mao's eight points. After various pre-

liminary moves, formal negotiations began on April 13. The Communists now suggested that they would remove from the "war criminals" list those Kuomintang leaders who would co-operate with them (as General Fu Tso-yi had co-operated, by surrendering besieged Peiping at the end of January and by later promising Mao full support), and would include some Kuomintang figures in the new Political Consultative Conference and coalition government.

Li rejected these final terms, and on April 20 the Communist armies crossed the Yangtze. Nanking fell on April 23, virtually without a struggle. In May Hankow and Shanghai fell. In succeeding months the Communists took a series of cities, and by the end of 1949 they held almost all the mainland territory once ruled or claimed by the Kuomintang, except Tibet and some pockets elsewhere. The Kuomintang was confined essentially to Formosa, Hainan, and smaller islands along the China coast.

During two decades of administering peasant areas the Communists had gained considerable trial-and-error experience in government. But in the long run the great cities, with their concentrated populations, elements of modern industry, relative political sophistication, and complex social structure, seemed likely to provide a far more decisive internal test of Chinese Communism. The Communist Central Committee turned to the problems of urban policy at a meeting in Shihchiachuang in March 1949 and passed a resolution declaring that, while the countryside should not be neglected, the political center of gravity was to be shifted to the cities. Party personnel were ordered to learn how to lead and administer cities, placing key emphasis on the restoration of industrial production. At this time a number of cities were already under Communist administration, including some, like Harbin, that had not been lost to the Nationalists in 1946-7.

The main immediate purpose of urban policy was to take over new cities in good working order, to establish stable, smoothly functioning administrations, and to foster amicable relations between the local population and the entering officials and troops. In repeated broadcasts the Communist radio urged the people of the cities to stay at their jobs during the period of transition. Protection of life and property was promised to

all, "regardless of class, faith or profession." Kuomintang personnel, "high and low" (except for "incorrigible war criminals and counter-revolutionary elements with heinous crimes"), were also told that they would not be bothered, if they did not engage in armed resistance or sabotage, and that they might even be employed by the new government.<sup>24</sup>

The Communists entered each city with an administration already prepared. Their practice was to name a military control commission and a municipal government to run the city jointly. Gradually the functions of the control commission were assumed by a local conference of representatives of various circles, but the duration of military control was determined by higher authority (later designated as the new Central People's Government). The local "all-circles" conferences consisted of delegates appointed from "democratic" groups and the many segments of the local population (workers, merchants, women, youth, intellectuals, and so forth). Representatives at such conferences, from which "reactionary" elements were excluded, heard branches of the city government report, and offered criticisms and proposals. The last phase in implementing urban policy was the election of a "people's congress" by universal suffrage. The people's congress was to elect the municipal "people's government." By the fall of 1950 all-circles conferences (some of which had been empowered to perform the functions of people's congresses) had been widely held, but many cities did not yet have a people's congress.

The Communists inherited virtually all the facilities and most of the personnel previously serving the Kuomintang. In the period since the take-over no mass displacement of old personnel for political reasons has been reported.<sup>25</sup> In entering the

<sup>24</sup> See text of statement of April 25, 1949, by Mao Tse-tung and the Communist commander-in-chief, General Chu Teh, in *China Digest* (Hong Kong), May 3, 1949, pp. 9, 18.

<sup>25</sup> The officially announced policy was one of "taking over, en masse, the former military and administrative personnel. . . ." [From the text of a Government Administration Council decision of March 3, 1950, in *China Wins Economic Battles* (Peking, Foreign Languages Press, 1950), p. 49.] Dismissals, of course, did occur and were reported to be extensive in some departments; for example, the police. Presumably the general stiffening, in the latter part of 1950, of Peking's attitude toward elements considered to be hostile was reflected in personnel policy. The main emphasis, however, seemed not to be on the displacement of employees of the former government, but on their retention, indoctrination, and transformation into effective instruments of the new state.

cities the Communist troops, according to all accounts, behaved with extreme care to avoid alienating the local populace. The Communists' use of Kuomintang personnel was in the traditional Chinese pattern, but the behavior of the victorious troops was a marked departure from historic practice in China.

The fall of the principal cities was followed by the creation of a new central government. On June 15, 1949 the Preparatory Committee of the prospective Chinese People's Political Consultative Conference (P.P.C.C.) met in Peiping. Subsequently the Committee worked out the membership of the P.P.C.C. and drafted, for submission to it, the fundamental documents of the new state. When the P.P.C.C. convened in Peiping during September 21-30, 1949, it passed three documents: its own Organic Law, its Common Program, and the Organic Law of the Central People's Government.<sup>26</sup>

The P.P.C.C. had 662 members, including 510 representatives from 45 representative units (14 democratic parties and groups; 9 regions; 6 army units; and 16 people's organizations and groups, representing workers, women, youth, peasants, industrialists, students, minority groups, overseas Chinese, religious circles, and scientific, cultural, and educational workers). There were, in addition, 77 specially invited persons, and 77 alternates from the representative units. The Chinese Communist party, the Revolutionary Committee of the Kuomintang, and the Democratic League each received 16 seats. But in fact Communists formed a far larger section of the membership than this might suggest, since many Communists were found among the representatives of army units, youth groups, and other bodies.

In any case, the P.P.C.C. was not a Western-type parliamentary body: it had not been organized with the idea that one group of representatives might outvote another, the participating elements agreed on the list of members in advance, and decisions at the sessions were adopted unanimously after extensive consultation. The new government declared itself a coalition of Communists and associated non-Communists for the execution of a common program under Communist leadership. This arrangement was first of all the result of the possession

<sup>26</sup> For the text of the Common Program, see the supplementary section of the *China Digest*, October 5, 1949. The text of both Organic Laws appeared in the issue of October 19, 1949.

of predominant military and political power by the Communists. But it would be an error to ignore the fact that the Communists' skillful approach to the middle elements was not based on a display of superior power, but on an immediate program of a type that many non-Communist Chinese had once hoped to see the Kuomintang follow.

In this program nationalism had an important place. It was to the nationalistic spirit, for example, that Mao Tse-tung addressed himself when he declared at the opening of the P.P.C.C.:<sup>27</sup> "Our nation will never be an insulted nation any more. . . . The era in which the Chinese were regarded as uncivilized is now over." Such a statement was calculated to have a deep appeal for large numbers of Chinese. Full of bitter memories of foreign invasion and discrimination, and of unfulfilled hopes for national progress and equality, they longed for a powerful China that would, in a modern way, add to the country's traditions of greatness.

Some distinctions must be made with regard to the middle group. Many intellectuals, especially students, were enthusiastic supporters of the new order, but the Chinese business world displayed an attitude of more cautious acceptance, which was sometimes little more than a practical recognition of reality, mingled with a hope that the new government would be better than the old. Generally speaking, alienation from the Kuomintang was far more widespread, in the former Kuomintang areas, than active support of the Communists. It should also be noted that the middle-group leaders who participated in the P.P.C.C. were symbols rather than large-scale organizers of the middle class, and that they were people of prestige rather than of power. But the fact remained that the P.P.C.C. was a body of great breadth of membership, containing men and women associated with almost every shading of China's political spectrum, except Chiang Kai-shek's remnant of the Kuomintang. The victorious Chinese Communists assumed leadership with a significant degree of support or acceptance. Seldom has a defeated regime left behind it so weak an ideological resistance to its successor as did the Kuomintang.

Co-operation with the middle class was at the very least a

<sup>27</sup> Mao Tse-tung: "Tasks of the People's PCC," *ibid.*, October 5, 1949, pp. 4-5.



practical necessity for the Communists if they hoped to succeed in a country as large, decentralized, and economically backward as China. For any serious effort at reconstruction and development would require the support of non-Communist technical personnel and the productive output of private industry to supplement the state-owned economy. A conciliatory approach had been a central feature of the political theory of the "New Democracy," as advanced by Mao on many occasions, and in an article of July 1, 1949 he reiterated this position.<sup>28</sup> Calling the new state a "people's democratic dictatorship," he defined it as an alliance of four classes (workers, peasants, petty bourgeoisie, and national bourgeoisie), led by the working class and the Communist party, with the workers and peasants as the primary force. These four classes, he said, constituted "the people" as opposed to "the reactionaries." In the latter group he included the landlord class, the "bureaucratic capitalists,"<sup>29</sup> and "the reactionary clique of the Kuomintang."

The name of the new state Mao explained in this fashion: "democracy for the people and dictatorship for the reactionaries, when combined, constitute the people's democratic dictatorship." The methods used to eliminate "reactionary" influences among the people would be "democratic, that is, methods of persuasion and not of compulsion." Members of the "reactionary" classes would receive land and work, so that they might reform themselves, provided that they did not rebel, disrupt, or sabotage. But unless these "henchmen of imperialism" were denied the right to express their ideas and to act politically, "the revolution would fail, the people would suffer and the state would perish."

Mao stressed the national bourgeoisie's "great importance during the present stage," declaring: "In order to offset imperialist pressure and to push her backward economy a step forward, China must utilize all elements of urban and rural capitalism which are beneficial and not harmful to the national econ-

<sup>28</sup> *Mao Tse Tung on People's Democratic Dictatorship* (Foreign Languages Press, Peking, 1950).

<sup>29</sup> Chinese Communist theory distinguished between two groups of Chinese capitalists: (1) the "bureaucratic capitalists," by whom they meant the top Kuomintang elements who controlled state-owned economic facilities, as well as private holdings; and (2) the "national bourgeoisie," consisting of private Chinese merchants, industrialists, and bankers, not part of the "bureaucratic capitalists" or affiliated with "foreign imperialism."

omy and the people's livelihood. . . . Our current policy is to control capitalism, not to eliminate it." At the same time he spoke of the Communists' long-term objective of developing from an agricultural into an industrial country and from "New Democracy" to Socialism and finally Communism.

The P.P.C.C. established a People's Republic of China, with a Central People's Government, located at Peking<sup>30</sup> (the new national capital), and headed by a chairman and six vice-chairmen. The P.P.C.C. elected Mao Tse-tung chairman and chose the following vice-chairmen: Chang Lan (chairman of the Democratic League), Chu Teh (commander-in-chief of the People's Liberation Army), Kao Kang (chairman of the Northeast People's Government and secretary of the Northeast Bureau of the Communist party's Central Committee), Li Chi-shen (chairman of the Revolutionary Committee of the Kuomintang), Liu Shao-chi (member of the Political Bureau of the Communist party's Central Committee), and Soong Ching-ling (Madame Sun Yat-sen).

The Central People's Government Council, consisting of the chairman and vice-chairmen just mentioned and fifty-six other Council members elected by the P.P.C.C., was to represent the new state abroad and to lead it at home. Normally supposed to meet every two months, the Council received jurisdiction over the government's administrative, military, and judicial activities, and was empowered to appoint or dismiss a wide variety of top officials, to enact laws and determine administrative policies, to approve the budget, and to deal with questions of war and peace and the handling of treaties.

One function of the Central People's Government Council was to appoint a Government Administration Council, the highest administrative organ of government, which consisted of a premier, four vice-premiers, and fifteen members. Chou En-lai of the Communist party's Central Committee was named premier, together with the following vice-premiers: Tung Pi-wu and Chen Yun, Communist leaders; Kuo Mo-jo, an eminent leftist historian and literary man, listed as a "nonparty democrat"; and Huang Yen-pei, a liberal belonging to the Democratic National

<sup>30</sup> Peiping ("Northern Peace") was renamed Peking ("Northern Capital"), which had been the name of the city during the five centuries prior to 1928.



Construction Association. The Government Administration Council was normally to meet once a week and was empowered to issue decisions and orders, to submit bills to the Central People's Government Council, to co-ordinate and direct the work of various committees, ministries, local people's governments, and other bodies, and to appoint or dismiss certain categories of personnel.

Four important committees were appointed to operate under the Government Administration Council. Three of these directed the work of designated groups of ministries. For example, the Political and Legal Affairs Committee was placed in charge of the ministries of the interior, public security, justice, and so forth; the Finance and Economics Committee was put in charge of the ministries of finance, trade, heavy industry, fuel industry, textile industry, light industry, agriculture, labor, and so forth; and the Culture and Education Committee was given charge of the ministry of education, the academy of sciences, the department of the press, and so forth. A fourth body, the People's Supervision Committee, was declared responsible for supervising the execution of the duties of government institutions and officials. Most ministries and similar bodies operated under one of the first three committees. The few that were not subordinate to a committee included the ministry of foreign affairs, of which Premier Chou was concurrently minister.

There were three other high organs of government: the People's Revolutionary Military Council, in charge of the armed forces; the Supreme People's Court, the highest judicial organ, which was to direct judicial organs throughout the country; and the People's Procurator-General's Office, responsible for observance of the laws by government institutions, officials, and nationals of China. Mao Tse-tung was chairman of the Military Council; Shen Chun-ju, of the Democratic League's Standing Committee, was chief justice; and Lo Jung-huan, of the Communist party, was procurator-general.

The All-China People's Congress was declared to be the supreme organ of the state. This body, not yet in existence, was to be elected in the future through universal suffrage. In the meantime the P.P.C.C. was to exercise the powers of the All-China People's Congress, namely, to enact or amend the Organic Law of the Central People's Government, to elect the Central People's

Government Council and vest it with power, and to submit resolutions to the Central People's Government Council. The All-China People's Congress was to stand at the apex of a pyramid of people's congresses elected at various levels of government.

The P.P.C.C. was described as the central organization of the "democratic united front"; i.e., of the various parties, groups, and individuals co-operating in the establishment and development of the new Chinese state. The P.P.C.C. was normally to meet every three years, but a National Committee elected at each plenary session was to meet twice a year. The National Committee's functions were to supervise the implementation of P.P.C.C. resolutions, to submit proposals to the government, to help the government mobilize the people for national reconstruction work, and to direct the work of local P.P.C.C. committees.

The Common Program of the P.P.C.C. was a sixty-point declaration on the nature of the new state and its main lines of policy. The text consisted of a preamble and seven chapters, covering general principles, the organs of state power, the military system, economic policy, cultural and educational policy, policy toward nationalities, and foreign policy. The document as a whole, according to a statement by Liu Shao-chi to the P.P.C.C., "consists of the entire minimum programme of the Communist Party."<sup>31</sup>

The largest single group of clauses was concerned with economic policy, which, according to Chou En-lai, was the principal subject of discussion in the drafting process. The economy envisaged was a mixed one, composed of various categories—state-owned, co-operative, individual peasant and handicraft, private capitalist, and state capitalist. Under the leadership of the state-owned economy, these were to be co-ordinated with respect to spheres of operation, raw materials, markets, labor conditions, and other matters. The state-owned economy was to include "all enterprises vital to the economic life of the country and to the people's livelihood," but the government was also to "encourage the active operation of all private economic enterprises beneficial to the national welfare." Similarly, while private financial and trading enterprises were to operate and develop, state trading organs and banks were expected, by their activities, to pre-

<sup>31</sup> *China Digest*, October 5, 1949, p. 7.

vent speculation and to set the general conditions of the market.

The chief economic emphasis was on encouraging production. Heavy industry was to be stressed, but textile and other light industries were to be restored and expanded. As soon as possible a general economic plan was to be adopted. Agrarian reform was called "the essential condition for the development of the productive power and the industrialization of the country." The stated goal of such reform was not nationalization of the land, but peasant ownership and the development of voluntary "forms of mutual aid and production co-operation."<sup>32</sup> In labor relations the principle set forth was that of "benefits to both labor and capital," with private employers and trade unions signing contracts, and workers in state enterprises participating in the administration. The government was to fix minimum wages, gradually carry out labor insurance measures, and enforce other protective laws.

The civil liberties clauses followed the views already voiced by Mao. Various rights and freedoms were guaranteed to the people, but the "reactionaries" were to "be deprived of their political rights within a necessary period," although receiving an opportunity to "become new men." The functions of the press were described as follows: "Freedom of reporting true news shall be safeguarded. The utilisation of the press to slander, to undermine the interests of the State and people and to provoke world war is prohibited."

Culture and education were defined as "New Democratic, that is, national, scientific and popular." A "scientific historical viewpoint"—apparently a reference to Marxism—was to be applied to the social sciences. Education was to be universal, and "the old educational system, subject matter and teaching method" were to be reformed "systematically according to plan."

The military clauses called for the building of "a unified army," consisting of "the People's Liberation Army and the people's public security forces," which were to be indoctrinated with a "revolutionary and patriotic spirit." An air force and navy were to be developed, and preparations made for a system of conscription "at the appropriate moment." In peacetime the armed

<sup>32</sup> A distinction should be made between the goal stated in the Common Program and the long-range objective of nationalization and collective farming. On this point see pp. 80-1, below.

forces were to take part in agricultural and industrial production.

The Common Program declared that in foreign policy the People's Republic "unites with all peace and freedom-loving countries and people's democracies throughout the world, first of all the Soviet Union, all people's democracies and all oppressed nations." Other clauses stated that treaties and agreements signed by the Kuomintang would be re-examined, and that diplomatic relations would be established on a basis of equality with governments that severed relations with the Kuomintang and adopted "a friendly attitude" toward the People's Republic. The protection of law-abiding foreign nationals in China was pledged, as well as efforts to protect the legitimate rights of Chinese abroad.

The clauses on nationalities guaranteed the equality of all nationalities in China and the freedom of national minorities (a reference to Mongols, Tibetans, and other groups) to develop their dialects and languages, and to preserve or reform their customs, habits, and religious beliefs. Regional autonomy was to be carried out in areas in which national minorities were concentrated.

The general practice in naming members of various organs of the new government was to arrange a varied representation of political personages and groups in the larger bodies (such as the National Committee of the P.P.C.C. and the Central People's Government Council) and to include more than one political group in the ministries. The majority of members were non-Communists, but the Communists were strongly represented and held the crucial posts.

The political structure of the new state was of the same type as that of the U.S.S.R., although not identical with it in detail. The executive and legislative powers were indissolubly joined, with the judicial power subordinate to them; each level of government was to be closely supervised by a higher level; and at all levels the minority was required to abide by the decisions of the majority. The P.P.C.C. documents drew no dividing line between central and local jurisdictions: the Common Program specified only that the Central People's Government Council should make a division "beneficial both to national unification and to local expediency."

The formal structure of municipal government (see p. 51) had already been established in the course of the civil war. New

provincial governments had also been set up, and others were created after the appointment of the new central administration. In December 1949 the Government Administration Council instituted a system of Administrative Areas, each embracing a number of provinces. These regional structures (with their capitals) included: Northeast China (Mukden), East China (Shanghai), Northwest China (Sian), Central-South China (Hankow), and Southwest China (Chungking). The North China provinces did not constitute an Administrative Area, but came directly under Peking, which reached a decision, in September 1950, to establish a Ministry of North China Affairs. The declared purpose of the regional governments was to bind the provinces together and link them closely with the central government, in order to help overcome the problems of unity posed by China's size.

The process of integration also involved efforts to draw closer to the central power the non-Chinese minorities of northwest and southwest China, which had long been on poor terms with the Chinese frontier communities and averse to Chinese political authority. Peking stressed its desire to work with the minorities, taking into account their religious, linguistic, and other characteristics. An Inner Mongolian autonomous government, which had been set up under Communist leadership in May 1947 to administer the Mongol areas of western Manchuria, continued to function after the establishment of the Central People's Republic. In Sinkiang the provincial government declared its accession to Peking in September 1949, and the province later became a section of the Northwest Administrative Area. In both Inner Mongolia and Sinkiang, however, the Chinese-non-Chinese relationship had delicate aspects.<sup>33</sup>

The emphasis in the P.P.C.C. documents and speeches, including statements by non-Communists as well as Communists, was on overcoming the obstacles to China's reconstruction. Various observers considered it significant that the new government showed a marked ability to use methods of argument and persuasion, rather than repression. Others asked whether repression might come later after a honeymoon period. Undoubtedly Peking's purposefulness and the generally recognized personal hon-

<sup>33</sup> See the chapter on Mongolia, Sinkiang, and Tibet.



esty of the officials made an impression in China. To this was added an effective mobilization of all means of propaganda. New organizations mushroomed among students, workers, women, educators, scientists, engineers, journalists, and others.

The Peking government, as Mao had made clear, followed Marxist, not Western liberal political concepts. The press, for example, spoke with one voice on basic issues: its function was not to criticize fundamental policy, but to expound it and to expose shortcomings in execution. Among Chinese scholars who had once had a strong Western orientation, liberalism seemed a weakening influence. There was some evidence of a feeling in these circles that, since China's situation was different from that of Western countries, correspondingly different methods were required. Thus Professor Fei Hsiao-tung, a well-known Western-trained sociologist and member of the Democratic League, attended an "all-circles conference" in Peking and reported that it had "a high degree of representativeness," even though it lacked what he called 'the formality of elections.' He then remarked:<sup>34</sup>

Election is only a method. If this method can increase representativeness, then it is a good thing; but if it cannot, then it should be discarded.

Some non-Communist elements—perhaps especially in business quarters—were worried about their long-term future. Vice-Chairman Liu Shao-chi sought to allay these fears in September 1949 in an address to the P.P.C.C. That the concern did not vanish was plain from a statement by Mao Tse-tung to the National Committee of the P.P.C.C. in June 1950:<sup>35</sup>

When the time for nationalizing industry and socializing agriculture arrives, in the distant future, the people will never forget those who have made contributions during the revolutionary war, the revolutionary reform of the agrarian system and during the many years of economic and cultural construction that lie ahead. Their future will be

<sup>34</sup> Fei Hsiao-tung: "A 'Six-Day Lesson,'" *China Digest*, September 21, 1949, p. 24.

<sup>35</sup> *China Weekly Review*, July 8, 1950, p. 105.



bright. . . . I think it is necessary to make this point clear. This will enable the people to have confidence<sup>c</sup> without hesitating and worrying: "One day you will need me no more. I shall have no chance, even if I wish to serve the people." No, it will not happen like that.

The main driving force of the new government on all levels was the Chinese Communist party, which reported more than five million members in mid-1950, as compared with 1,210,000 in 1945 and 40,000 in 1937. The leadership, as exemplified by Mao, had demonstrated considerable political adaptability over the years, but ordinary members apparently were less flexible. In a 1950 May Day address Liu Shao-chi stated that many party workers merely enforced orders, taking no account of conditions. In the work of levying grain, collecting taxes, and selling victory bonds, he said, this attitude had "aroused the dissatisfaction of many persons."<sup>38</sup> In the spring and summer of 1950 plans were announced for an educational campaign among members, with especial emphasis on their developing better relations with persons outside their ranks. An effort was also to be made to alter the composition of the organization by bringing one third of China's industrial workers into it in from three to five years.

The People's Liberation Army, numbering four million men by mid-1949 and perhaps five million in the first half of 1950, was another major force in Chinese affairs. Although developing through guerrilla and mobile warfare, it had reached the stage of winning large positional battles in 1948-9. In training, morale, and much of its equipment it was a modern army. In December 1949 Mao directed that, without neglecting military training, the troops engage in production. Subsequently army units were reported active in tilling, cattle raising, land reclamation, dike repairing, industrial production, railway construction (e.g., on a new line from Chungking to Chengtu), and other projects. The army was forbidden to carry on commercial transactions, and products it did not need for itself could be sold only to state trading concerns. Army production was expected to strengthen the state-owned economy, to reduce the military burden on the budget, to help lay the foundation for ultimate collectivization of agriculture, to develop a new, highly disciplined body of in-

<sup>38</sup> *People's China* (Peking), Supplement, May 16, 1950, p. 10.

dustrial and agricultural workers, and to raise the army's standard of living.

The army was also important in politics: military personnel played a part in government at all levels, and the People's Revolutionary Military Council—unlike the various ministries—was a separate organ of government, not subordinate to the Government Administration Council. The military, however, was a less distinct influence than these facts might suggest, for the Communist leadership had a dual civilian-military orientation. Mao Tse-tung, for example, was chairman of both the Central People's Government and the People's Revolutionary Military Council.

Plans were announced in June 1950 for large-scale schooling of the troops, many of whom were illiterate or semilliterate. This was an aspect of Peking's general educational policy, which emphasized, in addition to the formal school system, the creation of facilities outside the existing educational structure. The government was said to regard the education of workers and peasants and the creation of a "new intelligentsia" from these classes as its "foremost cultural and educational task." A general literacy campaign was to begin in 1951, but the eradication of illiteracy was described as "an affair of long duration."<sup>37</sup>

Initial policy toward existing educational institutions involved few changes in personnel. Kuomintang ideological courses were replaced by courses on "New Democracy"; administration committees, with delegates from the faculty, students, and non-teaching staff, were set up; teacher retraining was initiated; and textbook revision was begun. There was a steady trend toward a completely Marxist and pro-Soviet orientation; and it was evident that, as time passed, the transformation of the old educational system in this fashion would be accelerated. Western-supported missionary institutions continued to operate within the new framework, but in October 1950 the government took over a Roman Catholic university in Peking after a complex dispute with its American sponsors. Education Minister Ma Hsu-lun declared that it was against "international practice" for "foreigners or their organizations" to run schools in China.<sup>38</sup>

<sup>37</sup> Lu Ting-yi: "Education and Culture in New China," *ibid.*, April 16, 1950, p. 7.

<sup>38</sup> *New York Times*, October 14, 1950.

However, other foreign-sponsored educational institutions were not taken over at that time.<sup>39</sup>

The status of foreign schools was linked with that of religion. While the Communists' own ideology was antireligious, the official position, under the Common Program, was that freedom of religious belief was guaranteed. Chinese Christianity continued to function, although under some difficulties, especially in the rural areas, where some churches were closed down. Most foreign religious bodies and missionaries carried on, but with varying problems and sharply varying estimates of their future. A trend toward reorganization on a national basis had already existed in the Chinese Christian churches for some years, and Peking indicated its desire that this process be carried through, so that the churches would become entirely Chinese in administration, personnel, and financial support.<sup>40</sup>

The population of China contained a few million Christians. The vast majority of Chinese followed loosely-organized customs of a Buddhist, Taoist, or Confucianist nature which apparently raised no serious questions of official policy. There were also perhaps eighteen million Chinese Moslems (believers in a well-organized faith, with a powerful doctrine and pervasive community practices), whom the government regarded as a national minority and not simply as a religious group. Peking showed a strong desire to avoid conflict or ill feeling in dealing with the Moslems and other national minorities.

In the broad field of social affairs, a new marriage law, which went into effect on May 1, 1950, guaranteed freedom of marriage to both sexes and provided for equality of rights and obligations in the home. Concubinage and child marriage were prohibited. Divorce was to be allowed if both parties desired it; but where one party wished the marriage to continue, divorce was to be permitted only if conciliation efforts failed. Clearly, it would take

<sup>39</sup> This situation changed markedly following a decision of the Government Administration Council, late in December 1950, that American-supported cultural, educational, and medical organizations should, according to varying circumstances, either be taken over by the government as state enterprises or continue as private bodies, but completely under Chinese operation. This step presumably reflected, in part, Korean developments, for only American-supported institutions were involved.

<sup>40</sup> During 1950 there was a steady reduction of foreign missionary personnel in China.

a long time to apply these clauses throughout China, but they were indicative of Peking's attitude toward the traditional family system, which had so long stood in the way of China's social modernization.

The territory controlled by Peking in 1950 was larger than that ruled by Chiang Kai-shek at the height of his power. But a distinction must be made between conditions in the old Communist areas in Manchuria and north China (with an estimated 160,000,000 people) and in the rest of the country (with about 300,000,000). In the new areas, during the first year of the Peking government, the main emphasis was on consolidation and restoration, the execution of various immediately required changes, and, in some places, the eradication of bandits and Kuomintang guerrillas. The introduction of fundamental reforms, involving leadership by large numbers of trained government personnel, was expected to take several years, beginning with the initiation of land distribution in a portion of the new areas in the fall of 1950.

A considerable number of Nationalist troops had been left behind in areas lost by the Kuomintang in the last phase of the civil war. At the same time disturbed rural conditions in these sections favored action by local landlord bands and old-style marauders. Nationalist and Communist versions of this situation differed markedly. From Formosa during 1950 came Nationalist claims of one million guerrillas operating on the mainland. Mao Tse-tung, on the other hand, in June 1950 gave a figure of "more than 400,000 bandits scattered" in remote parts of the new areas.<sup>41</sup> Several months later, at the end of September, Chou En-lai reported to the National Committee of the P.P.C.C. that "Kuomintang bandits" had numbered more than one million at their peak, but had been reduced to about two hundred thousand.

This resistance, and related sabotage, caused difficulties for the new regime. Guerrilla activity increased after the outbreak of the Korean war, and the government's policies toward hostile elements stiffened in the latter part of 1950. Reports of armed opposition came mostly from the new, unconsolidated areas of the country, although there were some from areas held by the Communists for a longer period. In general, in the period up to

<sup>41</sup> *People's China*, July 1, 1950, p. 5.

the end of 1950, guerrilla activities seemed to be un-co-ordinated, poorly organized and not a serious threat to the government.

The thorniest problems before the new government were economic—largely the unsolved difficulties that had undermined Chiang Kai-shek. These matters the Communists had previously dealt with only on a regional, not an all-China, scale. Industry, agriculture, labor, finance, foreign trade, transportation, the relations of state and private enterprise, and other interrelated fields were involved. In each field many long-standing issues assumed a peculiarly acute form because of the disruptive effects of the civil war, the change-over of governments, and external factors such as the Kuomintang bombings and semiblockade of the mainland from island bases.<sup>42</sup>

The initial Communist emphasis was on restoring the existing economy, with maximum output as the main objective. The pace of reform was to be adjusted to the needs of production. The leaders proclaimed their awareness of the size of the problems they had inherited. On July 1, 1949 Mao had declared in a message to China's Communists:<sup>43</sup>

If we were walking down a road, our past work would not seem like more than the first step of a ten-thousand *li* march. . . . We must learn to do economic work from all who know the ropes (no matter who they are). . . . We must not pretend to know when we do not know.

<sup>42</sup> In the pages that follow, the discussion is limited essentially to economic developments during the first year of the Peking government; i.e., up to the early fall of 1950. The reader should bear in mind that especially since the latter part of 1949 there has been a lack of regular, independent reports on economic or other developments in China. Moreover, the period covered is a brief, highly transitional one, and statements about China often vary widely. Nevertheless, in the writer's judgment, the available material, if handled analytically, provides significant information on the main trends of Peking's policies and Chinese conditions in the period covered. Sources include: the Peking radio and the Chinese press; the official *Shanghai News* and *People's China*; the American-owned *China Weekly Review* (now the *China Monthly Review*) and *Monthly Report*; Western press reports (*New York Times*, *New York Herald Tribune*, *London Times*, and so forth) from Hong Kong and, in some instances, from the mainland; the Hong Kong press, including the British-owned *Far Eastern Economic Review*; letters from Chinese and foreigners in China; and reports made by foreigners after returning from China.

<sup>43</sup> Mao Tse Tung on *People's Democratic Dictatorship*, pp. 24-5. A *li* is approximately one third of a mile.



For military as well as economic reasons, the restoration of railways and other means of transportation had been one of the first activities of the Communists in taking over new areas, and transport continued to receive a high priority under the Peking government. In July 1949 through-passenger railway service had been established between Shanghai and Peiping, and in January 1950 traffic was resumed on the Peking-Hankow-Canton line. For the first time since 1937 all major trunk lines were in operation. Great importance was also attached to highway, river, and canal facilities, and there was a quasi-military mobilization of hundreds of thousands of junks and sampans. Late in 1949 total internal transport was regarded by some foreign observers as perhaps at record levels.<sup>44</sup>

Transportation was closely linked with food problems, for in China famine had usually resulted from a lack of transport to carry available food into deficit areas, rather than from country-wide shortages of food. Floods and drought in 1949 produced a serious famine problem in the winter of 1949-50, especially in north and east China. According to official reports, about forty million persons were affected in varying degrees, including seven million who required urgent relief.

The government's stated policy was to give direct food relief where necessary, while stressing relief-by-production, for example through public works projects (such as dike repair activities) and the encouragement of home and part-time industry. At the outset there were estimates that millions might starve, but available evidence points to an effective handling of the crisis. In the disaster sections, however, large numbers must have gone on extremely short rations, and there was presumably an incidence of deaths through diseases brought on by malnutrition. Peking claimed that far more relief grain had been supplied than the Kuomintang had furnished in the more serious famine situation of 1931.

In general, a huge state transport of grain was planned for 1950. During the first quarter of the year Peking reported six hundred thousand tons delivered south of the Great Wall from Manchuria for famine relief, the army, and the financing of investments by the state.

The decline in manpower, draft animals, and farm imple-

<sup>44</sup> See the *New York Times*, November 27, 1949.



ments during the Japanese and civil wars, together with the natural disasters of 1949, resulted in a 1949 grain crop that was (according to the vice-minister of agriculture) 20.7 per cent below the 1931-6 average and 5.6 per cent below the wartime average. Crops were reported highest in the older Communist areas and lowest in some newly taken sections of the countryside. A National Agricultural Production Conference, which met in Peking in December, 1949, produced a detailed plan for an increase of five million tons in grain output and 650,000 tons in ginned cotton in 1950. Some of the proposed methods involved wider employment of women in production, reclamation of waste land, and increases in the supply of fertilizer, farm tools, and plow animals. Mass rinderpest and anthrax vaccination campaigns were planned, and later reported accomplished.

Short- or long-term measures affecting food also included dike repairs and other antiflood projects, an afforestation program, and a governmental order in April 1950 that mills produce a higher percentage of edible rice and flour from unhusked rice and wheat. In 1950 new floods occurred, but the area was more limited than in the previous year. Independent observers agreed with Peking's reports that the summer and autumn harvests were good ones and that the total crop would be considerably above that of 1949.<sup>45</sup> Rice and wheat flour rationing in Shanghai was discontinued in the summer of 1950, and in October urban warehouses in general were said to be filled with surplus grain—partly because of the fine harvest, partly because of heavy peasant sales before the tax season and before the launching of land redistribution in new areas.<sup>46</sup>

Urban China, with a population of perhaps ninety million, presented great difficulties. For many decades the cities had not been closely integrated with the rural areas, but had been unhealthily dependent on foreign raw materials, markets, and capital for much of their modern economic activity. This was especially true of the premier city, Shanghai, which in 1950 contained an estimated six million people, many of them refugees from the surrounding countryside. The immediate urban problem

<sup>45</sup> In January 1951 Peking declared that China had produced 120,000,000 tons of grain in 1950, some ten million tons more than in 1949.

<sup>46</sup> See Henry L. Lieberman, *New York Times*, October 19, 1950; *China Weekly Review*, July 15, 1950, p. 121.

was made more acute by the termination of United States economic aid under the 1948 Congressional appropriation for the Nationalists, and by the flight of refugee capital to Hong Kong and other places. At the same time urban industry, trade, and employment were hard hit by the virtual disappearance of the market for luxury industries serving wealthy Chinese or foreigners in China.

After its capture in May 1949 Shanghai faced an acute shortage of food, coal, and raw cotton (the main industry was textile manufacturing). The new authorities brought in supplies, money was lent by the government in an effort to get private industry working, and the official Shanghai Commodity Company made purchases large enough to guarantee about one month's operations by every factory experiencing difficulties. The same approach was followed in other newly taken cities. Late in 1949 an American correspondent expressed the view that despite many serious continuing problems, "the Chinese Communists have won the first round of their battle in Shanghai."<sup>47</sup>

The semiblockade that the Nationalists began to enforce in June 1949 seriously affected economic activity in the port cities of central and south China, especially Shanghai. Extensive Kuomintang air raids in 1949 and early 1950 caused damage in a number of cities—again particularly in Shanghai, which suffered destruction of power facilities and other installations.

Prices continued to rise in China after the take-over from the Kuomintang. Because of increased military and other governmental expenses, including official aid to industry, there was a large central-government deficit, which was covered mostly by the issuance of paper currency (the *jenminpiao*, or "people's note," which had replaced the Kuomintang's Gold Yuan). The authorities early established the "parity unit," a standard local measure of value, readjusted daily on the basis of certain commodity prices (grain, edible oil, coal, and cloth). Wages, other payments, and bank deposits were widely tied to the value of the "parity unit" and thus protected against shifts in prices.<sup>48</sup>

<sup>47</sup> Walter Sullivan in the *New York Times*, November 25, 1949.

<sup>48</sup> For many months the parity unit provided virtually complete protection against price changes. But in the second half of 1950 sharp differences between the price movements of foodstuffs and manufactures made the unit a less accurate reflector of living costs. Food prices fell during this period, but those of manufactures did not decline, or even rose. The

Labor problems and urban unemployment were urgent matters, especially in central and south China. Barriers were put in the way of the dismissal of employees by business concerns and shops, and severance pay was required for those who did lose their jobs. It was officially reported in June 1950 that over five hundred thousand tons of food had been allocated for unemployment relief in Canton and the cities along the Yangtze. On September 30, 1950 Premier Chou En-lai spoke of more than four hundred thousand unemployed workers, including a number of intellectuals. By this time, however, unemployment apparently was no longer a serious problem in north China and was said hardly to exist in Manchuria, the principal area of new industrial activity.

In the winter of 1949 the Communists had enunciated an industrial and labor policy, through which they said they hoped to satisfy both the workers and private business. Its cardinal points included minimum disturbance of business operations, avoidance of strikes or of rapid changes in wages and other conditions that would seriously affect production, and the abolition of only those labor practices considered especially objectionable. Chen Po-ta, a leading Communist writer, declared that "the time is not yet opportune for the application of a universal adjustment of wages."<sup>49</sup>

As the industrial centers fell, labor found itself in a politically favorable but economically straitened situation. There resulted, particularly in Shanghai, a number of strikes in foreign and Chinese enterprises. The municipal authorities apparently sought to moderate labor's demands, placing the main emphasis on restoring production and "benefiting both capital and labor." In disputes that defied agreement by the parties, mediation or arbitration under official auspices was encouraged. Increases in pay took place over the months, but the stated official policy was

price level of manufactures reflected in part the rising cost of imports of manufactures and industrial raw materials from the West after the Korean war, and the falling off of such imports as the year wore on. It was reported in November 1950 that the Shanghai authorities had pegged the rice component in the parity unit to the relatively high level of May 1, 1950, thus substantially raising wages.

"Chen Po-ta: 'How Industry is Run in Liberated China,' *China Digest*, May 17, 1949, p. 3.

to avoid wage increases that would cause management either to shut down or not to reopen closed establishments. Apart from these developments, the government gradually began to develop a social insurance system for workers (e.g., in Manchuria and in the city of Tientsin), and in April 1950 the practice of gang labor in transport was declared outlawed.

The growth in labor union membership was rapid: in August 1948 the All-China Federation of Labor reported 2,830,000 members; two years later the total was over four million. Trade unions were conceived of not only as representing labor in relations with management, but as promoting production, carrying on educational and cultural activity among workers, and serving as "bridges between the Communist party and the workers."<sup>50</sup> A Trade Union Law of June 1950 declared union membership voluntary and named the All-China Federation of Labor the supreme labor body. Unions had the right to sign collective agreements on behalf of the workers and staff in state, co-operative, and private enterprises. In private enterprises they were to join in labor-capital consultative councils, and in state and co-operative enterprises to participate in management. The unions were, in effect, organs of the state, playing a role in its work and operating partly with official economic support.

The factors making for inflation were brought under control in March and April 1950. The original budget for the year entailed an 18.7 per cent deficit, to be met through bond sales and further currency issues. In Chinese terms Peking's rule was probably highly economical in view of official honesty and the fact that some millions of Communist personnel worked under the "supply system," receiving only food, clothing, and small sums for personal expenses. Yet early in March the number of military, administrative, and educational personnel on the government payroll throughout the country was approaching nine million, and the cost must have been considerable.

On March 3, the Government Administration Council promulgated a decision that the deficit could be reduced and large fluctuations in finance and prices prevented by cutting expenses, increasing revenues, and achieving a "unified administra-

<sup>50</sup> Vice-Chairman Kao Kang in a speech in July 1950, reported by the Peking radio on August 11, 1950.

tion of revenue and expenditure."<sup>51</sup> Up to this point the central government had borne the bulk of the country's official expenditures, while tax income had been handled largely by the area, provincial, municipal, and county governments. The new policy required that the entire income and outgo of the country be placed under central control, and that all subordinate levels of government concentrate on remitting taxes to Peking.

As a result of rigorous tax, bond sale, state trading, and economy measures, large quantities of currency were withdrawn from circulation, and further note issues ceased. Considerable amounts of hoarded goods appeared on the market, and the incentive for new hoarding was essentially destroyed. In March 1950 prices and the "parity unit" fell sharply in a number of cities. This marked the end of some twelve years of inflation, although price fluctuations of a limited nature later occurred, occasionally reflecting private speculation in one or another commodity.

Tax policy was reported to be honest and extremely strict. Under the original 1950 budget 41.4 per cent of revenue was to come from agricultural taxes, 38.9 per cent from various other taxes (largely urban), 17.1 per cent from state enterprises, and 2.6 per cent from additional sources. The graduated grain tax collected in 1949 and early 1950 averaged approximately twenty per cent of gross agricultural output (seventeen per cent for the central government and about three per cent for local governments). This was a substantial levy, especially for new areas in which conditions were disturbed. For the cities, also, the expected levels were high ones under the circumstances of 1949-50.

Another factor in the anti-inflation campaign was the activity of state trading companies, which had been established over a period of time to buy and sell daily necessities, essential industrial raw materials, and major export products. In some cases the official companies were the sole purchasers; in others they shared the market with private merchants. Official operations included the purchase of supplies in surplus areas for shipment to deficit areas, the support of price-control measures through large-scale buying and selling, and the placing of orders to aid private factories in economic straits. These activities gave the

<sup>51</sup> "Decisions on the Unification of the Financial and Economic Work of the State" in *China Wins Economic Battles*, pp. 47-58.



state a partial means of controlling China's scattered economy and helped to make price stabilization and economic planning possible.

The drive against inflation was undoubtedly an essential and beneficial development. But it was accompanied by temporary bad effects, because of the readjustments it required, the unexpected speed of the process, and the high tax level. With the virtual cessation of hoarding, markets became clogged with goods, prices sometimes fell below production costs, factories were unable to dispose of current output, and large-scale business failures and further unemployment resulted, especially in Shanghai. Finance Minister Po Yi-po later admitted "numerous defects and mistakes" in taxation work, "because we have not sufficient experience and our cadres still lack proper training."<sup>52</sup> He called the tax system too complex and said that some collectors had followed an inflexible approach.

The allotments in the victory bond campaign caused complaints: Shanghai business circles in particular considered the city's quota too high and objected to the strong moral pressure used to effect "voluntary" subscriptions. There were also many reports of rural suffering, arising in part from a tendency among local personnel to press for the fulfillment of high quotas, without regard for local conditions. Some observers regarded the prevailing rural taxes as generally excessive and as bearing very heavily and unjustly on the mass of peasants. Others held that, although some of the poor suffered, the mass of peasants were taxed less than formerly, and that the highly vocal upper strata in the countryside were most affected.

It is necessary to note that even if inflation had been checked more gradually and if taxation had been better managed, there could hardly have been a painless method of dealing with the kind of price and currency situation existing in China early in 1950. The fundamental problem was whether the advantages of price stabilization were worth the cost of severe temporary difficulties and whether the difficulties should be faced sooner rather than later. The crisis that was precipitated for Chinese private enterprise also reflected in part the unsound position and practices of many firms (involving inefficiency, inflated staffs,

<sup>52</sup> *New China News Agency* (London, mimeographed), No. 60, June 29, 1950.



and nepotism), as well as the fact that a large number of businesses and banks had been built on currency manipulation, speculation, and other practices that flourished under inflationary conditions.

Confronted by the problems of sudden deflation, the government continued to make loans to private enterprises in distress, and to place large orders with such firms through state trading companies. In June 1950 two thirds of Shanghai's privately owned spindles were officially reported to be operating, mostly on government contracts. In the same month Peking announced a revised rural and urban tax policy. The graduated grain tax was reduced from the previous level of approximately twenty per cent of the crop to a new level of approximately fifteen per cent (including both central and local taxes). Vice-Premier Chen Yun, in a report to the National Committee of the P.P.C.C., called this reduction only a beginning, and Finance Minister Po suggested that a unified grain tax law would be enacted before the autumn collection of 1950. Cuts were now made in urban taxes, including stamp duties and taxes on business profits, entertainment, salaries, emoluments, and estates. Various commodity taxes were also eliminated or reduced sharply.

The Committee on Financial and Economic Affairs of the Government Administration Council had first concentrated on balancing the budget and stabilizing prices. After these goals were essentially reached, it began to focus on industrial and commercial problems and the co-ordination of the activity of public and private enterprise—issues whose urgency had increased because of the economic dislocations arising from the measures against inflation. The government declared that it would emphasize the assignment of orders and processing work to private factories by state enterprises, the improvement of private managerial methods and capital-labor relations, and the adjustment of the operations of state enterprises to harmonize with those of private enterprises.<sup>58</sup> It also promised official price policies permitting profits for private business, a restriction of the sphere of state retail stores and wholesale companies to essential operations, and the drafting of a company law covering

<sup>58</sup> The rapid spread of state trading had been a factor in the large-scale closing of little shops in the cities of the Yangtze valley.

investments (there was as yet no legal definition of the areas reserved for state and private enterprise). An effort was clearly being made to reassure the Chinese business class.

Peking's economic measures, in conjunction with the consumption of hoarded goods that had swamped the market, gradually had an effect. In mid-July 1950, Shanghai appeared to be experiencing a slow revival of economic activity and purchasing power, and a similar trend was reported from Tientsin, Canton, Hankow, and other cities.<sup>54</sup> Prices were said to be steady and moving toward uniformity. Applications for official permission to close private enterprises decreased, and many suspended enterprises applied for permission to reopen. The lowered cost of living was reflected in a marked drift of Chinese from Hong Kong back to the mainland.

Industrial production presented an enormous problem. The official estimate was that only ten per cent of national production in all fields, agricultural and otherwise, came from modern industry. In April 1949 Jen Pi-shih,<sup>55</sup> a top Communist, had declared that the goal was to restore China's damaged industries in from three to five years and to raise industry from ten per cent to thirty or forty per cent of the economy in from ten to fifteen years. China, he said, would then be economically independent and possess a powerful machine-manufacturing industry. Only through industrialization could living standards be raised and the basis for socialism laid.

In the spring of 1950 Liu Ning-i, vice-chairman of the All-China Federation of Labor, gave Peking's view of the immediate problems of production:<sup>56</sup>

. . . land reform has not yet been carried out in the newly liberated areas and the broad masses of peasants still remain in an impoverished state. Factories are suffering from inadequate equipment, shortage of raw materials and lack of capital. The methods of management and production and the system of wages inherited from the bureaucratic capitalists are extremely corrupt, inefficient and unjust. These factors, plus the blockade and air attacks being carried out

<sup>54</sup> Tillman Durdin in the *New York Times*, July 16, 1950.

<sup>55</sup> Jen Pi-shih died in October 1950.

<sup>56</sup> Liu Ning-i: "China's Workers Build a New Nation," *People's China*, May 1, 1950, pp. 5-6.

jointly by the American imperialists and Chiang's remaining forces, account for our present difficulties in production.

By taking over "bureaucratic capital"; i.e., the banks, mines, factories, railways, and other facilities owned by the former Nationalist government (or by its high officials), Peking probably obtained control of the major part of modern Chinese industry and transport. The rest remained in private hands. The government's main emphasis was on heavy industry and railways (and, in agriculture, on irrigation). Planning was initiated in individual fields of economic activity (such as chemicals and railways), and a five-year plan was to begin in 1951. In the original 1950 budget, investments in state enterprises and services comprised 23.9 per cent of expenditures—an unprecedented figure in China. (Other categories included: military expenses, 38.8 per cent; administrative expenses, 21.4 per cent; cultural, educational, and public health expenses 4.1 per cent; subsidies to regional governments, 2.3 per cent; payment and interest on government bonds in the northeast, 0.1 per cent; reserve fund, 9.4 per cent.)<sup>57</sup>

The principal area of industrial activity was the northeast; i.e. Manchuria, with a territory larger than France, Italy, and Japan combined, a population of about forty million, valuable mineral and agricultural resources, and China's greatest regional concentration of transport facilities and industrial plants (despite losses and deterioration in the postwar period). During fourteen years of occupation (1931-45) Japan had demonstrated Manchuria's industrial possibilities by developing steel, shale oil, and other manufacturing or extractive industries in this area, long known as the potential "Ruhr" of China.

Peking's view of Manchuria's role in the Chinese economy was suggested by a writer in an official magazine:<sup>58</sup>

Northeast China holds the key to the industrialization of all China. This vast area constitutes a test-tube in which policies and methods for industrialization are being worked

<sup>57</sup> The actual total for culture, education, and public health was stated to be 6.1 per cent, since 2 per cent was included under the heading of "administration." On September 30, 1950 Chou En-lai repeated the figure of 23.9 per cent for "economic reconstruction."

<sup>58</sup> Hsu Tsai-tang: "Northeast China Sets the Pace," *People's China*, April 1, 1950, p. 8.

out, following which they will be applied extensively throughout the country. In addition, the rest of China looks to Manchuria for the bulk of the machinery, steel and other industrial goods needed to mechanize production during the coming years.

In 1949 industry was officially reported as accounting for about thirty-five per cent of Manchuria's total production, and 1950 plans called for an increase to forty-three per cent. The peak level under the Japanese had been about fifty-six per cent in 1943, a percentage that Peking hoped to surpass by 1952. The value of Manchuria's industrial output was, of course, far below that of 1943: total production of publicly owned industries in 1949 was officially described as twenty-nine per cent of 1943, and the goal for 1950 was fifty-seven per cent. Agricultural output in 1949 was about sixty-seven per cent of the 1943 level, and a further increase was planned for 1950.

In March 1950 Kao Kang, chairman of the Northeast Administrative Area and vice-chairman of the Central People's Government,<sup>59</sup> reported that forty-two per cent of the northeast budget for 1950 was to be spent on industry, and that eighty-five per cent of this allocation was for heavy industry. Total production in 1949 was, of course, small in terms of either Manchuria's or China's needs, and the production figures for 1950 would show more fully whether Peking could maintain the pace it had set for itself. According to Liu Shao-chi, the northeast was to invest the equivalent of 3,990,000 tons of grain in 1950 and also supply the central government with sizable amounts of grain, part of which Peking would invest. He estimated that during the year central and local investments throughout the country, including Manchuria, would total "7,920,000 tons of grain, or approximately 700 million U.S. dollars," apart from state bank loans to public and private enterprises.<sup>59</sup>

The accumulation of capital, training of technical personnel, and development of domestic purchasing power to support a large industry were three major problems. Western observers frequently asked whether a country as poor as China could industrialize significantly without massive outside deliveries of capital. The difficulties were colossal.

<sup>59</sup> "May Day Address by Liu Shao-chi," *ibid.*, May 16, 1950, p. 5.

Yet despite China's poverty, it was not necessarily true that a surplus could be obtained for investment only by forcing down the rural standard of living. On the contrary, agrarian reform measures, accompanied or followed by technical improvements and land reclamation, might bring marked production increases after an initial period of unsettlement. Moreover, taxes under previous Chinese governments (in the late Manchu period and under the Republic) had often raised considerable sums that could have had significant results if put partly into economic development. The failure to carry out this development had not resulted from sheer lack of funds, but from such factors as waste, warfare, and purposelessness.

It was clear that some capital goods and other essential supplies would be available from abroad. Under the Chinese-Soviet pact of February 1950 Moscow gave Peking a \$300,000,000 credit for purchases of industrial equipment over a five-year period. Previously, in July 1949, the Northeast People's Government and the U.S.S.R. had concluded a one-year trade agreement under which Soviet equipment, motor vehicles, oil, and other items were to be traded for Manchurian foodstuffs and raw materials. In 1950 Peking signed trade agreements with the U.S.S.R., Poland, Czechoslovakia, and East Germany, and began negotiations with Hungary.<sup>60</sup> The Czech foreign minister called the pact with his country "a very important thing for Czechoslovakia," and said that the main Czech exports to China would be heavy industrial machinery and forged iron products.<sup>61</sup> The total sums involved in the various trade agreements were not made public.

Foreign trade was in a difficult state, because of the disturbed condition of the Chinese economy, and the blockade. Direct trade with the United States and the United Kingdom decreased markedly, but was partly made up by a sharp increase in trade through Hong Kong. Despite American export restrictions, the United States remained the principal overseas nation trading with China, while the United Kingdom came second. Japanese business and governmental circles, aware of the large part the China market (e.g., for Japanese machinery) and Chinese products (e.g., coal, iron ore, and soybeans) had played in the Japanese economy in past decades, desired a restoration

<sup>60</sup> A trade agreement with Hungary was reported in January 1951.

<sup>61</sup> Reported by the Peking radio, June 23, 1950.



of Chinese-Japanese trade. For the time being, American occupation policy and Chinese conditions prevented an extensive commerce, but some trade took place through Hong Kong.

Peking's foreign trade policy was in a formative stage. Some of its aspects were: the limitation of imports mainly to essential items; encouragement of the export trade through state bank loans to private firms; the assignment of a large role in foreign trade to state firms; and an effort to standardize and improve the quality of export commodities, in order to regain or build up markets that had been affected over a long period by the low and undependable quality of many Chinese items (e.g., silk). A new tariff, in 1950, provided protection for Chinese products, and imposed lower duties on imports from countries with which Peking had concluded trade agreements than on goods from other countries.

Peking considered agrarian reform a prerequisite both to the expansion of the internal market for new industries and to the education and modernization of the peasantry. The government believed that such reform would make possible a marked rise in rural purchasing power by releasing the psychological and productive powers of the Chinese peasant, which the old system of agriculture had held in check. The Communists had already had considerable experience in land reform, but the problem in 1949-50 was much more complex than any they had faced. For a larger territory was involved, and ill-considered rural changes could injure the entire national economy. Conscious of the shortage of trained personnel to provide leadership in carrying out agrarian reforms, the government seemed especially concerned to avoid repeating the excesses of the land redistribution of 1946-8.

This cautious approach presumably was stimulated by reports of peasant suspicions. The Peking radio, for example, declared on July 13, 1950 that some north China farmers were worried about their future and had "the wrong conception that the more they produce the less they will save and the more they work the less wealthy they will be." The broadcast directed personnel to correct this impression by explaining "that the government hopes the farmers will be richer and that it is correct, glorious, and a compensation to be rich, but shameful to be poor and wasteful."

Early in 1950 Peking initiated rent and interest reduction in



wide areas, spurred the formation of peasant associations, and carried out land distribution in the suburbs of large cities. In these suburban sections land taken for redistribution was nationalized and allocated to the peasants under rent-free leases. The reasons given for this exception to the existing general policy of creating peasant proprietors was that nationalization would facilitate the later expansion of the cities and the development of industry in their outskirts.

The Communist approach to land redistribution in other areas was described by Liu Shao-chi. Emphasizing that land reform should be conducted with "leadership" and "preparation" and that "disorder cannot be permitted," he advised:<sup>62</sup>

. . . we must not be impatient to complete the land reform in all newly liberated areas, but must carry it out step by step, period by period and area by area. If we can mainly carry out land reform throughout the country in the coming three years, that will be quick enough and a very big success.

He also gave an approximate agrarian reform schedule. Distribution had already taken place, he said, in an area with a rural population of 145,000,000 and a total population of 160,000,000. This left a rural population of 264,000,000 million (and a total population of 310,000,000). Redistribution would be carried out among a rural population of 100,000,000 in the winter of 1950-51, among the greater part of the remaining 164,000,000 after the autumn of 1951, and in a smaller area after the autumn of 1952.

The new Agrarian Reform Law, promulgated in June 1950, significantly modified previous land policy. The law's purpose, as stated by Mao Tse-tung, was "one of preserving a rich peasant economy in order to further the early restoration of production in the rural areas."<sup>63</sup> The preservation of a "rich peasant economy," Liu Shao-chi elaborated, was "not a temporary but a long-term policy," the need for which would continue until conditions were ripe for widespread mechanized farming, collective

<sup>62</sup> *People's China*, May 16, 1950, Supplement, p. 10.

<sup>63</sup> Mao Tse-tung: "Report to the Party Plenum," *ibid.*, July 1, 1950, p. 5.

farms, and "the Socialist reform of the rural areas."<sup>64</sup> In short, nationalization of the land was a long way off.

The Agrarian Reform Law provided that, with some special exceptions, the land and other property of "rich peasants" were not to be touched. The "middle peasants" were not to be disturbed in any way. The land, draft animals, farm implements, and surplus grain of the landlords were to be confiscated and distributed "to poor peasants with little or no land and to those who lack other means of production."<sup>65</sup> Landlords were to receive an equal share of land, to enable them to earn a living through their own work, and those possessing properties of other types (e.g., industrial and commercial enterprises) were to be allowed to keep them.

Peasant associations were to carry out the agrarian reform. After its completion the government was to issue title deeds and to "recognize the right of all land owners to manage, buy, sell or rent out land freely." The law specified that peasants who already had land and received an additional grant were to have "slightly and suitably more" after distribution than peasants who previously had "little or no land." Rich peasants presumably would have larger holdings than would those who benefited from redistribution. With reference to the position of the poor peasants, Mao Tse-tung explained:<sup>66</sup> "The state can now use the method of issuing loans to help poor peasants solve their difficulties, thus making up for the poor peasants' receiving less land" (less, that is, than under the previous land distribution policy).

The law did not apply to areas in the vicinity of large cities, to areas of national minorities (in which agrarian reform would take place at some undetermined future date), or to areas in which reform had been mostly completed. In the last-mentioned regions the previous, more drastic reforms were to remain unchanged. The government expected the agrarian reform to "create the decisive condition permitting a fundamental turn for the better in our country's financial and economic situation."<sup>67</sup> But it also expected that the execution of the reforms in the new

<sup>64</sup> Liu Shao-chi: "On the Agrarian Reform Law," *ibid.*, July 16, 1950, pp. 28-9.

<sup>65</sup> See text of the Agrarian Reform Law, *ibid.*, Supplement of same date.

<sup>66</sup> Mao Tse-tung, *ibid.*, July 1, 1950, p. 5.

<sup>67</sup> Liu Shao-chi: "On the Agrarian Reform Law," p. 31.

areas of about three hundred million people would involve, in Chou En-lai's words, "China's second most fierce class struggle, almost as great as that of the civil war."<sup>68</sup> The explosive potentialities of the reform effort were clear from reports in the fall of 1950 that many landlords were opposing redistribution by such methods as giving away grain, destroying farm tools, killing livestock, and scattering their property. Peking announced that it would punish landlords who resisted or sabotaged redistribution.

China's economic situation is more complex than any brief description can suggest. But one further point must at least be mentioned: the question of population. Many Western writers hold that China's past poverty has been to a great extent the result of "overpopulation." Some also suggest that since modernization (including improvements in sanitation and medical care) reduces the death rate far more speedily than the birth rate, the population of an industrializing China might grow as quickly as the output of food and goods, or perhaps even more quickly. As a result China would be left with the same per capita standard of living, or a lower one.

Population has risen sharply in a fairly brief period in all countries that have industrialized. Yet it is also true that the average standard of living in these countries has gone up, not down—even in Japan, where militarism and outmoded social conditions worked against an improvement in the lot of the people. If the economy of a country stagnates or barely progresses, a marked growth of population presumably will injure the standard of living, since a larger number of people must live on roughly the same resources. But as far as the writer is aware, no country that has really entered the stage of extensive industrialization has failed to increase its output of food and goods more quickly than its population. Nor should it be forgotten that huge populations have great possibilities of production as well as consumption, that in China masses of peasants who have apparently been employed have actually been idle a good part of the year, and that a more thoroughgoing employment of China's four-hundred-odd million people could have enormous productive effects. The fundamental problem therefore, appears to be not

<sup>68</sup> *China Monthly Review* (Shanghai), November 1950, p. 105.

one of numbers but of economic development; i.e., production and distribution.

Events in China during 1945-50 had an impact not only on the Chinese, but also on the other peoples of Asia and the world. The Chinese Communist victory brought a vast and highly populated country to the side of the U.S.S.R. in the cold war and complicated the problems of the United States in carrying out a foreign policy of "containment." Peking's territory stretched from Korea and the U.S.S.R. to southeast Asia and India. In Thailand, Malaya, Indonesia, and other countries lived influential Chinese minorities, traditionally sympathetic to the government of their homeland, and linked with China by family and other ties. Still more important, the revolution in China involved problems of industrialization, land reform, and social change that also concerned most of the surrounding peoples.

Communist or pro-Communist elements in the neighboring areas felt strengthened by what had happened in China. Some non-Communist elements regarded Peking as a menace. Others, especially among south Asian nationalists, seemed drawn toward co-operation with Peking, although no less opposed than before to Communism in their own countries. The motives ranged from admiration to geographical realism. The Kuomintang had little support among Asian leaders, except in the Philippines and south Korea, and a considerable body of politically conscious Asians disagreed with the United States policy of not recognizing Peking. While sometimes uncomfortable at China's nearness, they were inclined to regard Chinese Communism as a movement expressing China's national purposes, and the new China as an ally, not a pawn, of Moscow.<sup>69</sup>

Mao Tse-tung described Chinese Communist foreign policy in the summer of 1949, when he declared that China must "incline to one side."<sup>70</sup> There was, he said, "no third road" of neutrality: China belonged to "the anti-imperialist front, headed by the Soviet Union" and could turn only to this front for "genuine and friendly assistance." This approach was later incorporated in

<sup>69</sup> See "Chinese Communism in Its Relation to Asia," by "A Diplomat in Nanking," *International Journal*, (Toronto), Winter 1949-50.

<sup>70</sup> *Mao Tse Tung on People's Democratic Dictatorship*, pp. 11, 15. Another translation uses the phrase "lean to one side." Mao wrote this statement for the twenty-eighth anniversary of the Chinese Communist party, July 1, 1949.

the Common Program of the P.P.C.C. and was reflected in the exchange of "cultural delegations" between China and Russia, the distribution of Soviet films and books in China, and the formation of a Sino-Soviet Friendship Society with branches in China's main cities. Soviet technical advisers were employed extensively, and Chinese officials made reference to Soviet aid and advice in restoring the railway system, rehabilitating iron and steel works, and carrying on medical and other work.

Moscow recognized Peking on October 2, 1949. Taking his first trip to a foreign country, Mao Tse-tung arrived in the Soviet capital in mid-December. Nine weeks later he left Moscow for home after the conclusion of a thirty-year Treaty of Friendship, Alliance, and Mutual Assistance; an agreement on the Manchurian railways, Port Arthur, and Dairen; and an accord on a long-term Soviet credit for China.<sup>71</sup> All were signed on February 14, 1950.

In the treaty Peking and Moscow declared they would jointly take all measures necessary to prevent "the resumption of aggression and violation of peace" by Japan or any state collaborating with Japan "directly or indirectly" in aggression. If either party were attacked by Japan, or a state allied with Japan, and involved in a state of war, the other would at once give all possible military aid. The parties agreed to seek, along with other allies of World War II, the earliest possible peace treaty with Japan; to consult on "all important international problems affecting" their "common interests"; and to "render the other all possible economic assistance."

In the railway and port agreement the U.S.S.R. declared that immediately after the conclusion of a Japanese peace treaty, but in any case not later than the end of 1952, it would (1) transfer to China without compensation all Soviet rights in the Chinese Changchun Railway and attached properties, and (2) withdraw its troops from the Port Arthur naval base and hand the installations over to China (with compensation by China for restoration and construction expenses since 1945). Meanwhile, the railway and the Port Arthur naval base were to be operated jointly. China was to conduct the civil administration of Port Arthur, and the entire administration of Dairen, but the

<sup>71</sup> Text of the treaty, agreements, and accompanying communiqué in *People's China*, March 1, 1950.



question of Dairen harbor was to be considered after a peace treaty with Japan. During 1950 China would take over all Dairen property provisionally administered or leased by the U.S.S.R.

In an exchange of notes the Soviet and Chinese foreign ministers declared the treaty and agreements of August 14, 1945 null and void, affirmed the independence of Outer Mongolia, and stated that Russia would hand over to China, without compensation, all buildings of the former Russian military cantonment in Peking and "the property acquired in Manchuria from Japanese owners by Soviet economic organizations." The last clause could refer to important property owned in Manchuria by Soviet agencies, or to the industrial equipment removed as "war booty," or to both categories.<sup>72</sup>

China was also to receive from Russia a five-year credit of \$300,000,000 at one per cent annual interest. The deliveries were to include equipment and materials for metallurgical, engineering, mining, electric power, railway, and other types of reconstruction and development. China was to pay the principal and interest in raw materials, tea, gold, and American dollars over a ten-year period, beginning by the end of 1954.

These agreements promised to wipe out the concessions made by China to Russia in Manchuria in 1945. The effect presumably was to strengthen both the Peking government and its pro-Soviet alignment in Chinese opinion, for Peking was in a better position to maintain that Chinese-Soviet relations were based on equality and that "inclining" toward Moscow could be economically beneficial. Press reports of secret clauses in the February 14 accords have not been substantiated. On March 27, 1950, Peking and Moscow agreed to organize three companies under joint Chinese-Soviet management. One was to develop civil aviation routes between China and Russia; another to extract and process nonferrous and rare metals in Sinkiang; and the third to produce oil and coal gas in the same

<sup>72</sup> In January 1951 the New China News Agency reported from Peking that "property held by the Soviet side under temporary control or on lease in the city of Dairen and also the property acquired by Soviet economic organizations from Japanese owners in Northeast China, and all buildings of the former military establishment in Peking" had been transferred to the Central People's Government during 1950 and that the Joint Chinese-Soviet Commission "created for this purpose has now completed all its work." *New China News Agency*, No. 204, January 22, 1951.



province. Expenses and profits (as well as the products of the Sinkiang enterprises) were to be shared equally.<sup>73</sup>

In the fall of 1949 the various states in the Soviet bloc recognized Peking. In December 1949 Burma became the first non-Communist government to extend recognition, followed shortly by India and, early in January 1950, by Britain, Denmark, Norway, and Ceylon. By the end of September 1950 formal relations existed with seventeen governments, including Albania, Bulgaria, Burma, Czechoslovakia, Denmark, East Germany, Hungary, India, Indonesia, North Korea, Outer Mongolia, Poland, Rumania, Sweden, Switzerland, Vietnam (the government of Ho Chi Minh), and the U.S.S.R. Nine other countries—Afghanistan, Ceylon, Finland, Israel, the Netherlands, Norway, Pakistan, the United Kingdom, and Yugoslavia—had expressed the desire to exchange representatives. Of these, four—Finland, the Netherlands, Norway, and the United Kingdom—were then conducting negotiations with Peking on the subject.

During the Chinese civil war Britain had avoided committing itself to the Kuomintang and had tried to keep the door open to dealing with a successor regime. Consequently, despite certain incidents, British contacts with the Chinese People's Republic lacked the background of intense suspicion and conflict existing between Washington and Peking. According to Chou En-lai, however, the establishment of formal diplomatic relations with Britain had been delayed because of Britain's refusal to vote against the Kuomintang's holding China's seat in the United Nations. Britain's position was that it would vote to admit Peking, if the resolution were assured of a majority. At the same time it took a stand favorable to Peking on certain United Nations issues other than recognition. These actions presumably reflected an effort to reconcile a policy of recognition with a desire to avoid voting against the United States on the question of seating Peking in the United Nations.

Britain was desperately anxious to expand its trade all over the world, including China, in which it had a great investment stake, especially at Shanghai. It also possessed the Crown Colony of Hong Kong, consisting of an island off the south China coast near Canton and a small portion of the adjacent mainland.

<sup>73</sup> For further discussion of Chinese-Soviet relations, see the introductory chapter, pp. 18-19, above.

One of the leading ports of the world, Hong Kong contained huge amounts of British capital. Its population of 1,800,000 was overwhelmingly Chinese, and it was regarded by Chinese nationalists of all shades as rightfully part of China, from which the land had been wrested in the nineteenth century. Strained relations with the Peking government might endanger Britain's investments in China, the British position at Hong Kong, or—at a greater distance—Britain's "dollar arsenal" in Malaya, which contained a large overseas Chinese population and a dissident, predominantly Chinese guerrilla movement.

British opinion about China was much more unified than American opinion. The British tended to believe that they could do business with Chinese Communism, which they considered an almost inevitable result of Kuomintang misrule and an internal improvement on Chiang's regime. They felt strongly that the West had nothing to gain from voluntary enmity toward the Chinese People's Republic, since this would merely serve to cement the Chinese-Soviet alliance. They also placed China in a different category from Eastern Europe on the ground that China had a distinctive social structure, economic development, and national tradition, and that the Chinese Communists had come to power essentially through their own efforts. China, in their view, was a country that could—unlike Bulgaria or Czechoslovakia—aspire to the status of a great power. The effect, according to many English observers, was to promote an equal rather than a subservient Chinese Communist approach to Russia. The British did not know what the future might bring, but they considered it wise to encourage such a Chinese attitude.

After the application of blockade measures by the Kuomintang, Britain rather early used warships to escort its commercial vessels in Chinese waters. While not formally recognizing the blockade, the United States, by contrast, accepted it in practice. In December 1949, for example, Washington warned American ship captains that they might lose their masters' licenses if they took American vessels into Shanghai waters. Again, the British wished a largely unrestricted trade with China, but the United States increasingly imposed a wide range of restrictions on strategic commodities. In this respect Britain's China trade policy gradually followed that of the United States, especially after the outbreak of the Korean war.

Early in 1949 American businessmen in China, like the British, were reported interested in trying to operate under the Communists. This attitude continued for many months, although it was somewhat affected by the beginnings of the blockade, labor disputes in Shanghai in the summer of 1949, and other questions. With the tightening of the blockade, the worsening of American-Chinese relations, and the introduction of heavy business taxes by Peking, a decidedly pessimistic attitude developed among American businessmen. Peking desired and needed trade, but its approach to foreign firms was one of marked independence. With no great investment stake in China and various economic alternatives at home, many American companies were in a position to withdraw.

In August 1949, following the fall of the Kuomintang, Washington published an official defense of its China policy, especially in the 1944-9 period. Entitled *United States Relations with China*, and known informally as the China "White Paper," this volume, based on State Department files, aroused extensive comment and controversy. Its main thesis was that the United States gave the Nationalists extensive advice that was ignored and aid that was wasted, and that nothing the United States "did or could have done within the reasonable limits of its capabilities could have changed" the outcome in China. Total American aid to the Kuomintang since V-J Day was estimated at slightly more than two billion dollars in military and economic grants, plus civilian and military surplus property costing more than one billion and sold at \$232,000,000.

The main State Department tendency during 1949 was to "wait for the dust to settle" in China. According to this view, recognition might ultimately come, but the timing would depend on American politics and Chinese policies. Meanwhile, as the magnitude of China's internal problems became clear, Peking would perhaps soften its attitude toward the United States, in the hope of obtaining aid. If at the same time the United States avoided major new commitments to the Kuomintang, Chinese anti-American sentiment might lessen, Chinese attention might shift to elements of friction in relations with the U.S.S.R. (e.g., over Manchuria, Mongolia, or Sinkiang), and the result might be a form of Chinese Titoism.

According to a powerful contrary view, held by sections of

the Administration, of Congress (especially in Republican ranks), and the press, the Chinese People's Republic was simply a Moscow satellite, the hope of Titoism was an illusion, Peking should be denied recognition or admission to the United Nations, trade with it should be kept to a minimum, and the United States should undertake to keep Formosa in non-Communist hands. Supporters of this general approach, including General MacArthur, also tended to desire a much greater or even a primary emphasis on the Far East in American foreign policy, as contrasted with the existing preponderant emphasis on Europe.

While the two approaches can be isolated for purposes of analysis, actual policy combined them in a complex fashion reflecting domestic and international pressures. The State Department was more willing than its opposition to think of finally recognizing Peking, but at the same time American official influence worked against early recognition by other countries. Again, the President and secretary of state early in 1950 declared firmly that the United States would not intervene in Formosa, but American aid continued to go to the Kuomintang on Formosa.

In the spring and summer of 1949 the Communists showed signs of desiring relations with the United States, and on October 1, 1949 the Chinese People's Republic asked the United States, along with other governments, to extend recognition. But relations hardened, perhaps particularly after the Kuomintang blockade and bombings, which Peking charged were American-inspired. Several incidents in China also had a marked effect in the United States. In October, for example, the American Consul in Mukden was arrested and imprisoned on the charge of beating a Chinese employee. After trial and conviction he was deported. Early in 1950 Peking's seizure of a section of American consular property in the capital was followed by the withdrawal of all American consular personnel from the Chinese mainland.<sup>74</sup>

<sup>74</sup> The property taken over had been assigned to the United States following the Boxer Rebellion and had once been used as a military barracks, but later converted to office use. Peking also took over similar French, Dutch, and British property, but the respective governments did not follow the United States in its action. The former Russian military cantonment was returned to China in 1950 under a clause of the Chinese-Soviet treaty of February 14, 1950 (see p. 85, above.).

Formosa became a major issue between the United States and Peking. At the Cairo conference in 1943 and at Potsdam in 1945 it had been agreed that this island, which had been Chinese territory under the Manchu dynasty, but had been lost to Japan at the end of the nineteenth century, should be returned to China after the war. This was done following the Japanese surrender.

The Chinese Communists and the Kuomintang were at one in declaring Formosa Chinese territory. The Kuomintang hoped to maintain itself on the island and from it eventually to invade the mainland with American support. The Communists saw Formosa as the last Nationalist refuge, whose incorporation (together with Tibet) would end the civil war, the blockade, and the threat of Nationalist bombings, as well as the Kuomintang itself. They also declared that victory on Formosa would permit the launching of a full peacetime economy in China.

Chiang withdrew to Formosa in December 1949 and on March 1, 1950 formally resumed the presidency of Nationalist China. On Formosa he had an army of about half a million men, as well as a considerable refugee population of former mainland officials and Kuomintang supporters. The normal population of Formosa consisted of approximately seven million persons, mostly Chinese long settled there. Japan had carried out a degree of modern development for its own imperial purposes, but industry and mining had deteriorated markedly since 1945. The population was reported hostile to the Kuomintang because of misrule and the bloody suppression of the 1947 Formosa uprising. But in 1950 the Kuomintang was trying to rehabilitate itself with the local population; for example, through land reforms.<sup>75</sup>

Located on important communications routes, Formosa also possessed two good harbors and space for good airfields. Its political instability and severe potential economic problems, however, affected its military value in Kuomintang hands. Observers doubted that Chiang could hold it if Peking acquired the air power to protect troop ships sent from the mainland. It was evident that, with Soviet aid, Peking was developing an air

<sup>75</sup> The Chinese-American Joint Commission on Rural Reconstruction, set up under the 1948 Congressional appropriation for China, was important in this connection.



force, and by the summer of 1950 rumors of an early campaign for Formosa were widespread.

On January 5, 1950, in an effort to settle sharp official differences on the subject, President Truman declared that the United States had accepted Chinese authority over Formosa, had no designs on the island, and would not follow a course leading to involvement in the Chinese civil war, or give military aid or advice to the Nationalists on Formosa.<sup>76</sup> On the same day Secretary Acheson commented on the view that Formosa was legally Japanese territory until the conclusion of a Japanese peace treaty:<sup>77</sup>

The Chinese have administered Formosa for 4 years. Neither the United States nor any other ally ever questioned that authority. . . . We did not wait for a treaty on the islands over which we have trusteeship.

The policy enunciated by the President went counter to the views of General MacArthur and to statements made a few days before by ex-President Hoover and Senator Taft, advocating use of the American Navy, if necessary, to keep the Chinese Communists from taking Formosa.

The utterances by Truman and Acheson did not end the official debate about Formosa. Early in June 1950, with the visit of several high American officials to General MacArthur's headquarters in Tokyo, a strong trend toward a shift in policy was indicated, although the decision apparently remained to be made. The Korean war crystallized the situation, and on June 27 the President announced that Chinese Communist occupation of Formosa "would be a direct threat to the security of the Pacific area and to United States forces" in that region.<sup>78</sup> He added:

Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action, I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination

<sup>76</sup> He stated that economic aid would continue. During 1950 Economic Cooperation Administration aid to Formosa exceeded the total taxes collected by the Chinese Nationalist government on the island.

<sup>77</sup> *Department of State Bulletin*, January 16, 1950, p. 80.

<sup>78</sup> *Ibid.*, July 3, 1950, p. 5.



of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.

This represented a significant, although not complete, incorporation into policy of the views of General MacArthur about Formosa. Soon afterward, as north Korean forces advanced rapidly in south Korea, Washington became concerned at the possibility of involvement in hostilities with China either in Korea or Formosa. Moreover, much Indian and other Asian opinion was opposed to the Formosan policy of the United States, and London indicated that it intended to stay out of any conflict if Peking launched operations to take the island.

The President declared to Congress on July 19 that "military neutralization" of Formosa was "without prejudice to political questions affecting that island."<sup>79</sup> At the end of the month MacArthur arrived in Formosa for conferences with Chiang and other Kuomintang leaders. Late in August, in a message to the Veterans of Foreign Wars, he declared Formosa strategically essential to the United States. Referring to various islands under American or friendly control, he said: "From this island chain we can dominate with air power every Asiatic port from Vladivostok to Singapore and prevent any hostile movement into the Pacific."<sup>80</sup> On an order from the President, MacArthur asked the Veterans of Foreign Wars to withdraw the statement, but it had already been distributed. A White House spokesman said that the purpose of the order had been to avoid confusion about policy in Formosa, and that in foreign policy there could be only one voice, that of the President.

The United States viewed Peking's policies with increasing suspicion. At the same time Peking's reaction to American policy, both in Formosa and Korea, was vehement. On June 29 Premier and Foreign Minister Chou En-lai denounced the Formosan action as "armed aggression against the territory of China" and declared his government's determination to "liberate Taiwan [Formosa]."<sup>81</sup> Again, on July 6, he sent a sharp protest to United Nations Secretary General Trygve Lie. Later in the month an

<sup>79</sup> Ibid., July 31, 1950, p. 166.

<sup>80</sup> U.S. News and World Report (Washington, D.C.), September 1, 1950, p. 32.

<sup>81</sup> People's China, July 16, 1950, p. 4.

"Anti-American Aggression Week" was held in China, and Peking subsequently asked the Security Council to order the withdrawal of American forces from Formosa.

The issue of China's representation in the United Nations had been under international discussion for many months. Late in 1949 Peking had asked for the expulsion of the Kuomintang delegates and its own admission to the organization. In January 1950, following the defeat of a Soviet proposal for the ouster of the Nationalist representative in the Security Council, the Soviet delegate had launched a boycott of the Council, which continued until the August session. The declared American position was one of opposition to seating Peking, but willingness to accept a majority vote of the Council as not subject to a veto. American opposition, however, clearly deterred a number of United Nations members from voting for admission, although they regarded continued Kuomintang representation as at least unrealistic. Five of the eleven members of the Security Council—half the membership apart from Nationalist China—had already recognized Peking.<sup>82</sup> In March 1950 Secretary General Lie began to press for a settlement of the question as essential to the functioning and progress of the United Nations organization. Later, in July 1950, the Indian government, through Prime Minister Nehru, sought unsuccessfully to bring about Peking's admission as a prelude to discussion of a Korean settlement.

Some divisions of the north Korean armies were reported to consist of Korean troops that had once been part of the Chinese Communist armies in the civil war and had later returned to Korea. But during the summer of 1950 there seemed to be no evidence of Chinese involvement in Korea with men or materials. There was much speculation in the United States as to whether Moscow might persuade Peking to act in Korea. The issue, however, was not simply one of ideology or general Communist strategy, since Manchuria bordered on Korea and depended for some of its electric power on facilities located on the Korean side of the frontier. Korea had also been used by

<sup>82</sup> The recognizing Security Council members were: India, Norway, Yugoslavia, the United Kingdom, and the U.S.S.R. The other Council members were: Australia, (Nationalist) China, Canada, Ecuador, Egypt, and the United States.

For details of United Nations aspects of the situation, see the chapter: *The Korean Crisis and the United Nations*.

Japan as an invasion route to China. In this connection a thoughtful American commentator, Walter Lippmann, noted "the critical importance of Korea in the foreign policy of any Chinese government, no matter what its ideology," and added that "in its geography Korea is to China what Florida is to the United States."<sup>83</sup>

When the Korean war began, the new Chinese government was less than nine months old, and its problems were enormous. It was only on the assumption of peace that the various plans for the country's economic development over a period of years could have made sense when they were drafted. Liu Shao-chi, for example, had declared on May 1, 1950, with reference to the projected incorporation of Tibet, Formosa, and some coastal islands then held by the Kuomintang:<sup>84</sup>

After the end of the war and the unification of the whole country, we shall urgently need a peaceful environment to carry out our economic construction.

The Chinese did not enter the Korean war in July and August 1950, when their presence might have resulted in a north Korean victory, or make an effort to save the north Korean forces south of the 38th parallel after the landings at Inchon in the north Korean rear in September. Official Indian sources voiced the view, based on reports from the Indian ambassador in Peking, that a crossing of the parallel by United Nations forces might be followed by Chinese action in Korea. The decision, however, was to launch operations in north Korea, apparently on the assumption that China would not intervene. In a speech on September 30, 1950, shortly before south Korean troops marched north of the parallel, Chou En-lai declared that the Chinese would not "supinely tolerate seeing their neighbours being savagely invaded."<sup>85</sup> In mid-October, as soldiers under General MacArthur's command moved close to the Manchurian-Korean frontier, Chinese forces appeared in the Korean war. Within a few weeks it was evident that they were present in significant numbers.

<sup>83</sup> Walter Lippmann: "China's Interest in Korea," *New York Herald Tribune*, August 29, 1950.

<sup>84</sup> *People's China*, May 16, 1950, Supplement, p. 7.

<sup>85</sup> *Ibid.*, October 16, 1950, p. 7.

With the sharpening of the international crisis, China's foreign relations moved into a new phase. Peking wielded a power not previously known to the Kuomintang. Action in Korea was one aspect of the situation; the entrance of Chinese troops into Tibet was another; rumors of Chinese assistance to the Vietnamese forces of Ho Chi Minh in Indochina possibly indicated a third. Peking was undoubtedly operating in close association with Moscow under the Chinese-Soviet alliance. But in its own right China plainly had become a greater force in Far Eastern affairs than at any time in the previous century.

# MONGOLIA, SINKIANG, AND TIBET

OWEN *and* ELEANOR LATTIMORE



ON the landward side China is girdled by a loop of outer territories, from Manchuria in the northeast through Inner Mongolia on the north and Sinkiang on the west to Tibet on the south and southwest. All of these territories were once inhabited by non-Chinese peoples. In the last half-century, especially, all of them have been affected by the spread of Chinese colonization and accelerating political developments, with the result that Manchuria, for example, has become more than ninety per cent Chinese in population, while Outer Mongolia has become politically independent of China. Since the end of World War II all of these territories have acquired new significance in China's domestic politics and international relations.

In comparison with other parts of the Far East, relatively little is known about recent developments in these areas. This chapter sketches the general character of political life in Outer and Inner Mongolia, Sinkiang, and Tibet, against the background of geography and history.

## *Mongolian People's Republic (Outer Mongolia)*

The Mongolian People's Republic occupies an area of 606,000 square miles (about the same size as Sinkiang, or twice the size of Texas) between Siberia and the Chinese provinces of Sinkiang, Kansu, Ninghsia, Suiyuan, and Chahar. The north and northwestern parts of the country are mountainous, with many lakes and rivers. The south is largely desert. The Mongolian Gobi, which stretches from northeast to southwest for a distance of 625 miles, is about three thousand feet above sea



level and largely covered with gravel. Sand deserts are found chiefly in depressions in the Gobi. There are steppe areas in both the north and the south. The population of the Mongolian People's Republic is very small, published figures ranging from 850,000 to 1,500,000. Except in a few of the larger cities the people are almost all pastoral nomads.

The area now occupied by the Mongolian People's Republic was spoken of as Outer Mongolia before the 1911 revolution in that country and in China. The name was used in contrast to Inner Mongolia, the general term for the Mongol-inhabited lands that were closer to China proper. Inner Mongolia was divided among a number of Mongol tribes, each separately tributary to the Manchu court. Outer Mongolia, on the other hand, was occupied almost entirely by a single tribe, the Khalkha Mongols, whose princes were also vassals of the Manchu emperor.

Before the revolution Mongol society might be described as feudal nomadism. About seventy-five per cent of the population were herdsmen, who were subjects either of the feudal lords or princes of the "banners" (Manchu administrative units), or of monasteries that owned large tracts given to them by the banners. About five per cent of the people were serfs of princes, and twenty per cent were lama priests, whose maintenance was a great burden on the lay population. It has been estimated that by 1911 there were about 150,000 lay subjects (serfs) of monasteries, which means that, together with the lamas, a third of the population was under the jurisdiction of the church.

Lama Buddhism was introduced into Mongolia from Tibet in the sixteenth century and served to unify the separate tribes which at that time had no single national government. At first the contact between princes and the church was close and Living Buddhas (the highest ecclesiastical dignitaries) were frequently chosen from princely families. Later the Manchus, fearing this combination of temporal and ecclesiastical power, decreed that sons and nephews of princes could not be chosen. The Urga Hutukhtu, the most important of the Living Buddhas in Outer Mongolia, gained increasing political importance, and by the beginning of the twentieth century was the most powerful single individual in the country.

Stock raising has been for centuries the main occupation of



the Mongols and the basis of their economy. It has been estimated that at the time of the revolution an average family owned sixty animals, including camels, horses, cattle, sheep, and goats, which provided housing, clothing, food, and transportation. There was also some hunting, fishing, and lumbering, and a little farming was done chiefly by Chinese settlers. Trade was entirely in the hands of Chinese and Russians, with trade agreements assuring Russia a privileged position. Chinese merchants mercilessly exploited the Mongol herdsmen. Just before 1911 it was estimated that the indebtedness of the average Mongol family to Chinese traders was 540 Chinese ounces of silver, with thirty per cent the prevailing annual rate of interest, and that one great Chinese firm alone collected yearly, in payment of interest, seventy thousand horses and half a million sheep. Resentment against Chinese exploitation was greatly increased in the decade before 1911 by the colonizing of some of the best land in Outer Mongolia by Chinese farmers, since the Mongols were deprived of the revenues from these lands and more Mongol herds were concentrated in poorer pastures. The activities of Chinese merchants and Chinese colonists helped to create a widespread demand among the Mongols for separation from China.

In 1911 the Outer Mongols revolted against the Manchu empire and, after the establishment of the Chinese Republic, achieved a limited autonomy. They called themselves "Autonomous Mongolia" until 1921 and the Mongolian People's Government from 1921 until 1924, when full independence was declared and the Mongolian People's Republic was established after the death of the last Living Buddha. This government was not officially recognized by China, however, until 1946 when, as a result of the Sino-Soviet Treaty of 1945, followed by a plebiscite, both China and the Soviet Union recognized the Mongolian People's Republic as independent.

During its first decade the "autonomous" government of Outer Mongolia was controlled by powerful clerical and aristocratic interests which were headed by the Living Buddha of Urga, the chief dignitary of the Lama church, who was made titular head of the government. After 1918, however, there grew up a strong Revolutionary party, led by Sukhe Bator, which declared not only that Chinese control must be resisted but that

"all the yellow [clerical] and black [lay] feudal aristocrats must be cast from off the backs of the common people."<sup>1</sup> Sukhe Bator's revolutionary movement seems to have been purely Mongol in inspiration. In 1920 another revolutionary leader appeared: Choibalsang, the present premier of the Mongolian People's Republic, who had been strongly influenced by the Russian Revolution and by Marxist theory.

In 1919 the Anfu clique, a corrupt group of Chinese politicians and militarists manipulated by Japanese military and financial interests, attempted a reconquest of Outer Mongolia under General Hsü Shih-tseng ("Little" Hsü). "Little" Hsü's repressive military rule, however, and especially the collection of old debts to Chinese traders, resulted in uprisings throughout the country which united all elements against him. Sukhe Bator, Choibalsang, and others, bearing a document with the seal of the Urga Living Buddha, who represented the conservatives in the government, went on a mission to Siberia to ask for the aid of the Russian revolutionaries against both the Chinese forces and the "white" Russian forces of the "mad Baron" Ungern Sternberg, who was terrorizing the country in an attempt to wrest control from General Hsü.

Ungern Sternberg, who had taken Urga from "Little" Hsü in February 1921, was defeated and shot in June by a joint force of the Red Army and the Mongol Partisans of Sukhe Bator and Choibalsang. Instead of setting up a left-wing republic, however, they confirmed the Urga Living Buddha as a limited monarch, presiding over what they called the "Mongol People's Government." In 1923 Sukhe Bator died, probably of tuberculosis but allegedly after being poisoned by a lama "doctor" sent by the Living Buddha. When the Living Buddha died in 1924 no successor was proclaimed. The "Mongol People's Government" became the "Mongolian People's Republic." The name of the capital was changed from Urga to Ulan Bator.

In the years between 1911 and the Russian Revolution, a period of warlordism and national disunity in China, Autonomous Mongolia became, for all practical purposes, as much a satellite of Tsarist Russia as it is of Soviet Russia today. Tsarist policy was not to annex or absorb Mongolia but to maintain it as a

<sup>1</sup> Sh. Nachokdorji: *Sukhebagator-un namtar* (Biography of Sukhe Bator), Ulan Bator, 1943, p. 34.

buffer between Russia and China, and between the Russian sphere of influence and the Japanese sphere of influence in Manchuria. To do this successfully it had to exploit Mongolia at least a little less than China did and to edge the Chinese out of all positions of political or economic influence. By the eve of the Russian Revolution Russia had succeeded in gaining complete ascendancy over China in Mongolia. Though China managed to regain a foothold for a brief period during and just after the Russian Revolution, the Soviets soon acquired once more an ascendant position for Russia.

Soviet Russia's official attitude toward the status of the new government, however, was somewhat anomalous. In 1921 the U.S.S.R. had formally recognized the Mongolian People's Government as the only legal government of Mongolia, had disclaimed extraterritorial rights, and had established a mixed commission for delineating boundaries. In 1924 a pact was signed by China and Soviet Russia declaring: <sup>2</sup> "The Government of the Union of Soviet Socialist Republics recognises that Outer Mongolia is an integral part of the Republic of China and respects China's sovereignty therein." Less than a year later, however, Chicherin, the Soviet commissar of foreign affairs, made the following statement to the press: "The Soviet Government recognizes Mongolia as part of the Republic of China, enjoying, however, an autonomy so far reaching as to preclude Chinese interference with its internal affairs. . . . After several crises the internal situation in Mongolia has settled down and been consolidated on a basis somewhat similar to the Soviet system."<sup>3</sup>

After 1925 Chinese merchants were excluded from Outer Mongolia and postal connections with China were discontinued. Several Western travelers visited Ulan Bator in the late 1920's, but after 1927 very little information concerning internal conditions and developments reached the outside world except through Russia.

Soviet influences seem to have developed rather gradually in the 1920's, and the new government did not make itself felt in details of administrative and economic reorganization outside

<sup>2</sup> *Treaties and Agreements With and Concerning China, 1919-1929* (Washington, D.C., Carnegie Endowment for International Peace, 1929), p. 134.

<sup>3</sup> Cited in Gerard M. Friters: *Outer Mongolia and Its International Position* (Baltimore, Johns Hopkins, 1949), p. 129.

of Ulan Bator until about 1929. After widespread and successful confiscation of the property of the chief princes and monasteries in 1929 and 1930, the more radical wing of the government attempted in 1931 to push through the collectivization of livestock, which so frightened and antagonized the herdsmen who formed the main bulk of the population that they slaughtered their cattle by the thousands. The whole attempt had to be abandoned, and the country returned to the private ownership of livestock, which continues to the present day. All land, formerly owned collectively by tribes or monasteries, was nationalized, however, and the lama church was disestablished.

During the 1930's both Mongolia and Russia were threatened by aggression from Japan and there were many border conflicts, which led to an increasingly close co-ordination between Russian and Mongolian defense. After 1936 Russian troops were brought into Mongolia, with no protest from the Chinese government, which at that time preferred Soviet to Japanese occupation.

Although it is obvious that the Russians could have incorporated the Mongolian People's Republic into the Soviet Union if they had wanted to, they, like the Tsarist government before them, preferred to preserve it as a satellite buffer. The small adjoining independent state of Tannu Tuva, on the other hand, was incorporated into the Soviet Union in 1944, although the English-speaking world was unaware of it until more than a year later when its name appeared on a Soviet election roll.

The Mongolian People's Republic is divided into eighteen aimaks or provinces. The constitution proclaimed in 1940 established a government closely modeled on the soviet system of the U.S.S.R. The supreme organ of the state is the Great Hural (council), elected by the hurals of the provinces and the hural of Ulan Bator, the capital. The Great Hural must meet at least once in three years. It elects a Little Hural which is the supreme organ of government when the Great Hural is not in session; and the Little Hural elects a presidium of seven members which functions in its place when it is not in session. Ordinary administration is headed by a council of the ten ministers who are heads of government departments. Local government is vested in hurals of the provinces and of the metropolis of Ulan Bator. All men and women eighteen years of age and over have the right to vote.

The application of the Mongolian People's Republic for United Nations membership was rejected in 1946 and 1947. The U.S.S.R. supported both applications. China supported the first application but opposed the second because of Sinkiang-Outer Mongolian frontier quarrels. London and Washington opposed admission on the ground that insufficient information was available and Mongol independence had not been proved.

Reliable information about internal conditions is difficult to obtain. From Soviet sources we learn that economic activities which were formerly unknown to the nomadic economy are conducted by State combines or by co-operatives. A railway was built in 1945 connecting the Trans-Siberian Railway with several points in northeastern Mongolia, and according to a broadcast late in 1949 a line from Siberia has now reached Ulan Bator. There is coal of poor quality in many parts of the country, and mines near Ulan Bator are connected with the city by a short rail line.

Other industries include the processing of wool, leather, and food. State combines produced goods valued at sixty-four million tughriks in 1941, and in 1940 co-operative handicraft production was valued at nineteen million tughriks (1 tughrik=51.46 U.S. cents). Soviet sources reported eighty thousand hectares of land under cultivation, most of it irrigated because of the short growing season. In 1941 livestock numbered 27,500,000 (including 15,900,000 sheep), or between eighteen and thirty-two per head of population. Because of the severe climate, losses by storm and disease are very heavy, totaling nearly 2,000,000 head in 1938 and more than 1,200,000 in 1939. Security against such losses was being sought in 1948 by a program of increasing the hay harvest and building shelter corrals. This approach also tends to diminish nomadism and make residence more permanent.

There is a national university, and in 1944 there were 285 primary schools, 36 secondary schools, 8 technical schools and 190 nomad schools. In 1947 there were 90 hospitals, 52 dispensaries and 234 medical centers.

The desire for a "Greater Mongolia," combining Outer and Inner Mongolia, has always been strongest in Inner Mongolia. There are no signs of an official policy of this kind in Outer Mongolia. If such a policy were to develop, it would be more



likely to affect the Barga region of Manchuria than any other Mongolian territory adjoining Outer Mongolia.

### *Inner Mongolia*

The term Inner Mongolia is somewhat loosely used to describe the Mongol-inhabited parts of the Chinese provinces of Ninghsia, Suiyuan, and Chahar which adjoin the southern frontier of Outer Mongolia. There are no accurate statistics for either area or population, but one Japanese estimate gives a population figure of seven hundred thousand for Eastern Inner Mongolia and three hundred thousand for the rest of Inner Mongolia. If this figure is approximately correct, the population of Inner Mongolia is about as large as that of Outer Mongolia, though the area is much smaller.

"Eastern Inner Mongolia" is a term of Japanese origin. Chinese and Mongols use terms meaning simply "Eastern Mongolia." All of these terms are applied to the western and southwestern territories of Manchuria. They include the Mongols of the Jerim, Josotu, and Jo-ude Leagues. Included geographically in Eastern Mongolia, but considered by Mongols to be tribally distinct from both the Khalkhas of the Mongolian People's Republic and the Inner Mongolian tribes, are the group of tribes around Hailar (in the extreme northwest projection of Manchuria)—known collectively as Barga (tribally) or Hulunbuir (geographically)—and the Butkha or Daghor Mongols of the upper Nonni River valley.

Stretching westward at right angles from Eastern Mongolia, along the southern frontier of the Mongolian People's Republic, is Inner Mongolia proper, comprising the northern fringes of the provinces of Chahar and Suiyuan. The tribal groups it includes are: the Chahar Banners, the Silingol and Ulanhab Leagues, the Ordos or Yekhe Jo League, and the Tumet Special Banner. The Mongols of Alashan and Edsingol, in the north of Ninghsia Province, form geographically a westward projection of Inner Mongolia, but tribally they are distinct from the Mongols of Inner Mongolia and akin to those of Sinkiang Province and of the Altai region of the Mongolian People's Republic, and to the Kalmuks of the Lower Volga, in Russia.

Historically the Inner Mongolian tribes are those which, beginning in the seventeenth century, became in part voluntary



allies and in part conquered subjects of the Manchus, who conquered China. Their hereditary princes had a much more direct relationship with the Manchu court at Peking than did those of Outer Mongolia, who were not brought under full Manchu control until the eighteenth century. The Manchu policy had two purposes: to prevent unity between Inner and Outer Mongolia, and to draw military contingents from Inner Mongolia for use when necessary in China.

In the early period of Manchu rule, therefore, Chinese farming colonists were forbidden to settle in Inner Mongolia. It was the Mongol princes who to a certain extent evaded this policy, especially in Eastern Mongolia and the Ordos. They invited Chinese to settle in parts of their territories both in order to be able to obtain grain more cheaply and for the sake of increased revenues from their farming tenants.

In the beginning of the present century, with the building of railroads, the economic relationship between China and Inner Mongolia was changed. Rail transport made it possible to bring grain profitably from colonized Mongol lands into the North China market. At the same time, the military relationship changed. Railroads and firearms gave the Chinese an ascendancy over the Mongols that had not existed in the days of cavalry armed with the bow and arrow.

There consequently began a period of more and more organized Chinese colonization in Inner Mongolia. Administratively, this was speeded up in 1928 by cutting Inner Mongolia into portions and incorporating each portion into a Chinese province. This device had two effects: it made it impossible for the Inner Mongolian Mongols to organize for unified political action, and it made provincial governments much more powerful than the national government of China in intervening in Mongol affairs and encroaching on Mongol land.

Inner Mongolian nationalism therefore began not as a considered theory or ideology, but as an almost spontaneous reaction, un-co-ordinated and scattered through various parts of Inner Mongolia, against Chinese encroachment. It frequently took the form of local rebellions, which explains why men described in Mongol accounts as patriotic heroes are described in Chinese accounts as savage bandits.

From 1911 onwards, as far as there was any unifying ideal-

ogy in Inner Mongolian nationalism, it frequently took the form of "pan-Mongol" demands for unification with Outer Mongolia, for the obvious reason that Outer Mongolia was not being directly encroached on and colonized by Russia as Inner Mongolia was by China. It seemed easier for each separate part of Inner Mongolia to dream of looking to Outer Mongolia for protection than for all the various parts of Inner Mongolia to unite with each other against the Chinese provincial governments that divided them. In this period many Inner Mongolian nationalists, defeated in risings against the Chinese, fled to Outer Mongolia.

"Pan-Mongol" feeling also existed in Outer Mongolia, but never became a major policy factor. Outer Mongolian leaders were hesitant to press a form of expansion which would bring them into more direct contact with China. The prevailing argument was that it was better to let sleeping Chinese lie. International power politics also played a part. Secret Russo-Japanese agreements set the meridian of Peking as the dividing line between spheres of influence—a line that coincided rather closely with the tribal frontiers between Eastern Inner Mongolia and Eastern Outer Mongolia. On the southern frontier between Outer and Inner Mongolia, the Russians also wanted a buffer frontier with China rather than an expanding frontier, and therefore discouraged pan-Mongol tendencies in Outer Mongolia.

The leaders of Inner Mongolian nationalism were mostly princes and nobles. They therefore no longer looked to Outer Mongolia after Outer Mongolia became more revolutionary under the influence of the Russian Revolution.

A new phase began with the Japanese conquest of Manchuria in 1931. The Japanese professed to be the protectors of the Mongols of Eastern Inner Mongolia against Chinese encroachment. Four Mongol provinces—the Hsingan provinces—were set aside, with an area amounting approximately to a quarter of the total area of Manchuria. Some Mongol territory, heavily colonized by Chinese, was excluded from these "autonomous" territories; but revenues from such colonized lands were partly set aside for Mongol use, and Mongols remaining in "Chinese" provinces of Manchuria were given certain privileges of organization.

These developments provided the setting for the rise of a

new Inner Mongolian nationalism, led by Te Wang. (Te is the Chinese abbreviation of the name of Prince Demchukdongrub of West Sunid, in the Silingol League, and Wang means "prince" in Chinese.) His political reasoning was that if what remained of Inner Mongolia was not to be taken over by the Japanese, or to be absorbed eventually by Outer Mongolia, the Chinese must match the Japanese in Eastern Inner Mongolia and the Russian influence in Outer Mongolia in friendly treatment of the Mongols. He therefore appealed to the National Government over the heads of the provincial governments, demanding that Mongol-inhabited portions of the provinces of Chahar and Suiyuan, and preferably Ninghsia also, be detached from those provinces, formed into an "autonomous" province of Inner Mongolia, and given control of their own revenues and armed forces. This policy was approved in a general way, in theory, by Chiang Kai-shek; but the National Government was unable to override the warlords of the provincial governments, especially Yen Hsi-shan and Fu Tso-yi, who were directly interested in the financial profits of continued encroachment on the Mongols.

Lacking either arms to fight with or a stake of their own to fight for, the Mongols put up no formidable resistance to the further advance of the Japanese. After the beginning of the all-out effort to conquer China in 1937, the Japanese installed Te Wang as the ruler of a new Meng Chiang—"Mongol Frontier"—Province in Inner Mongolia, separate from the Hsingan Provinces of Eastern Inner Mongolia. From the Chinese point of view, therefore, Te Wang became a collaborator of the Japanese. The Nationalists considered that, like other collaborators, he could be negotiated with later. The Chinese Communists listed him as a war criminal. Inner Mongolian nationalists generally considered him not a traitor but a patriot who, yielding to the superior force of the Japanese, nevertheless continued to do all that he could for Mongol interests. As far as he could, he avoided carrying out Japanese policies that overrode Mongol interests. In policies that were in the Mongol interest, he himself took the lead, thus not only maintaining but expanding a core of organized Mongol nationalists. He especially promoted education and gave opportunities to able young Mongols regardless of whether they were of noble or common birth. In this brief period there was an unprecedented increase in the number of educated and ardently

nationalist young men and women. Of those who went to Japan to study, almost all came back Mongol nationalists, not Japanese puppets.

As the war drew to an end there was feverish political activity throughout Inner Mongolia. It was plain that Japan was going to be defeated. What was the future of the Mongols to be, in relation to the victorious Russians and the Chinese? The Chinese Nationalist propaganda, which was not broadcast among the Mongols but communicated individually to important leaders, was that Russia, though on the winning side, would be exhausted and weak and the Mongols had therefore better get ready to deal with China. The Chinese Communists lay low. They trained and indoctrinated a few young men from Inner Mongolia at their Yen-an headquarters, but did not put them into action until the war ended.

In this situation there was a great increase in pan-Mongol sentiment in Inner Mongolia. If Russia was in fact going to be weak, then Communism would be much less to be feared. The great danger to the Mongols would be that they would be swamped by Chinese political control and colonization. The rational way out, as seen from Inner Mongolia, would be a union of all Mongols in Inner and Outer Mongolia.

In the period of about ten days in which Russian and Outer Mongolian forces took part in the war against Japan, political activity came into the open. Nowhere did Inner Mongolian forces trained and equipped by the Japanese put up any resistance. In many cases they killed their Japanese instructors and officers and tried to fraternize with Outer Mongolian troops.

The Outer Mongolian forces made a good impression—better than the Russians. Occasionally they intervened to protect Inner Mongolian civilians from undisciplined Russian troops. Their political attitude was "correct" but aloof. Instead of allowing Inner Mongolian troops to join them, they disarmed and interned them; some were taken to Outer Mongolia. On the other hand, their attitude was that "all the Mongols are one nation," and during the brief combat period it was reported in Inner Mongolia that the Outer Mongolian radio was advocating the union of Outer and Inner Mongolia.

In Eastern Mongolia there was a hasty rallying of nationalist leaders. An Eastern Mongolian People's Republic was pro-

claimed and a Revolutionary People's Party formed. This group advocated the union of Eastern Mongolia, Inner Mongolia, and Outer Mongolia in a Great Mongolian Republic and a policy of "non-capitalist" economic development, but at the same time a policy of friendship with China. Delegations were sent to Outer Mongolia and to the Chinese Kuomintang authorities then established at Changchun, in Manchuria. Contact with Chinese Communists was also made in Jehol. Though the delegates to Outer Mongolia were cordially received, the proposal of unification was declined. The delegates were sure that this was not a straight Mongol decision but was influenced by the desire of both the Russians and the Chinese Communists not to complicate Russo-Chinese relations. At the same time a small separate or regional movement developed in the Hailar (Hulunbuir) region which, though within Manchuria, had always had a political tradition of gravitation away from Eastern Inner Mongolia and toward Outer Mongolia. This movement was reputed to be under Communist influence.

A new phase opened with the year 1946. Eastern Mongolian delegates conferred at Peiping with General Hsiung Shih-hui, personal representative of Chiang Kai-shek. He was unresponsive, and the Mongols felt apprehensive of a return to the Chinese policy of ruling the Mongols and refusing to confer with them. At the same time, delegates were sent to confer with the Chinese Communists in Jehol, and were cordially received.

Up to this point, there had been little co-ordination between Eastern Mongolia and Inner Mongolia, owing to the after-effects of the Japanese policy of keeping the two regions separate. At the moment of Russian invasion in August 1945, Te Wang had been detained in Kalgan by the Japanese, to keep him out of Mongol-inhabited territory. Here also there was no resistance to Russian and Outer Mongolian forces, and many Mongol students went out to join them. As in Eastern Mongolia, the burning question was whether there was to be Mongolian unification. Planes, either Russian or Mongol, actually dropped leaflets over Kalgan promising unification. Te Wang sent delegates to the Outer Mongolian forces to ask their intentions, to ask permission for Mongols who were cut off in Kalgan to return to their homes, and to ask that the Chinese Commu-



nists be kept out of Mongol territory. These delegates were intercepted by Russians and failed to contact the Mongols.

Among the Mongols isolated in Kalgan the younger group generally wanted to go home at all costs and to handle Mongol questions from Mongol territory. The older group, headed by Te Wang, believed it essential to keep in touch with the Chinese and Chinese political developments. It was not yet clear whether there was to be civil war in China, and Te Wang believed that Russo-Chinese negotiations would overshadow Mongol politics, and that Outer Mongolia would not be allowed to consider unification of all the Mongols. He therefore left Kalgan for Peiping, where he arrived on August 22, 1945—the same day that Russian officers reached Kalgan and made contact with the Chinese Communists.

On August 25 Chiang Kai-shek officially explained the Sino-Soviet Treaty, and said that he had agreed to a plebiscite to ratify Outer Mongolia's independence from China because the Mongols had a right to self-determination. In September Te Wang went to Chungking, conferred with Chiang, and urged that Inner Mongolia had a comparable right to claim a "dominion status" of autonomy—not full independence. Chiang told him that when he had finished with the Chinese Communists, the Mongols could have what they wanted, and was irritated when Te Wang continued to press for a commitment. Te Wang went back to Peiping in November.

In the meantime developments had followed their own course in Te Wang's home territory in Inner Mongolia, where during the period of Outer Mongolian military occupation civil affairs were handled by an Outer Mongolian official named Nam-sarai. He appointed local men, rather than men from Outer Mongolia, to handle administration, and with his encouragement an Inner Mongolian Youth Party was formed. This party, which was joined by Te Wang's son, set up an Inner Mongolian Republic. There was a general expectation of union with Outer Mongolia, which the local Outer Mongolian representatives seemed to share; but then Outer Mongolian withdrawal was ordered, and the Inner Mongolian leaders were urged to co-operate with the Chinese Communists. Most of their frontier of contact with the Chinese, however, was taken over by a general



named Fu Tso-yi, who was noted both as an outstanding anti-Communist and as the most active Chinese proponent of a policy of colonizing Mongol territory and depriving the Mongols of political rights. (Fu Tso-yi, inadequately supported by Chiang Kai-shek during the civil war, eventually surrendered to the Communists in 1949 and joined their coalition government.)

In 1946, the Inner Mongolian and Eastern Mongolian movements began to converge. A Tumed Mongol from Suiyuan province named Ulanhu, whose Chinese name is Yun-tze, closely connected with the Chinese Communists, made contact with the Inner Mongolian Youth Party. He soon took control and appointed Yen-an-trained Mongols to all key posts. He then conferred with the Eastern Mongolian leaders who, after being rebuffed by Hsiung Shih-hui as already described, had decided to throw in their lot with the Chinese Communists.

In 1947 and 1948, as the civil war in China went on, the Nationalists were increasingly pinned down to railway lines and large cities, which meant that Mongol-inhabited districts were more open to the Communists than to the Nationalists. Mongols who remained with the Nationalist government at Nanking concentrated on getting the Kuomintang to make some declaration of policy that would convince the Mongols that they had a real stake in staying on the Nationalist side and resisting the Communists. Within the councils of the Kuomintang and the National Assembly there grew up an informal alliance between representatives of the Mongols, Tibetans, and other non-Chinese minority peoples. This "frontier alliance" pushed for constitutional recognition of the frontier peoples as having a federative rather than a subject relationship to China. In an effort to replace the old and dreaded relationship in which the Chinese merely colonized and exploited the frontier lands, the alliance championed the right of the frontier peoples to have increased representation at high levels in the National Government, giving them real power, to have schools in their own languages and local armed forces of their own, and to receive government subsidies for economic and educational development.

These reasonable demands, which would have united the cause of the frontier peoples with the Nationalist cause, were never met. On the one hand, the frontier Chinese were more

strongly represented in the Kuomintang than were the non-Chinese frontier peoples, and their special interests were rooted in the old system of exploiting the frontier peoples. On the other hand, as the Nationalists suffered successive defeats, the power remaining to them was monopolized more tightly than ever by the most unyielding group within the Kuomintang, whose sole concept of policy was to secure increased American support in order to win the civil war, and then to dictate, from a position of supreme power, all details of reorganization and administration.

By the end of 1949, therefore, when the Kuomintang was driven from the mainland of China, only one nucleus of non-Communist Inner Mongolian nationalism was left. This nucleus was located in the most inaccessible desert territory at the western extreme of Inner Mongolia. It consisted of Mongols who had retreated to that region from all over Inner and Eastern Mongolia, and had a hard core of about ten thousand armed men, with no source of replenishment for their arms. It was headed by Te Wang, who had left Nanking when the Kuomintang government broke up, to face the dark future with what was left of his own supporters in his own country.

As the situation now stands, Inner and Eastern Mongolia have been unified in an "Inner Mongolia Autonomous Area," under a policy laid down by the Chinese Communists and carried out by their nominee, Ulanhu. This policy may be summed up by saying that it establishes autonomy but forbids separatism, and that it is in harmony with Russian policy in forbidding all dreams of a "greater Mongolia" to be formed by the union of Outer, Inner, and Eastern Mongolia.

Traditional Inner Mongolian nationalism, with its long and cruel experience at the hands of Chinese expansionism, demanded sharp separation of Mongol-inhabited and Chinese-inhabited districts, and Mongol rights tended to be asserted in practice, whenever the Mongols had the power to do so, as anti-Chinese rights. The Chinese Communist policy appears to be aimed at setting up co-operation to replace antagonism. Mixed districts and mixed representation are encouraged, and propaganda emphasizes joint Mongol-Chinese interests in the border region. In this respect Chinese Communist policy is clearly modeled on Soviet policy toward national minorities within the

Soviet Union rather than on Soviet policy toward Outer Mongolia, which has always emphasized the fact that the Mongolian People's Republic is a separate, Mongol State, not a member of the Soviet Union, and therefore not the subject of a national minority policy.

### *Sinkiang<sup>4</sup>*

Sinkiang, in Chinese Central Asia, is part of the focal area where the frontiers of China, the Soviet Union, Afghanistan, India, and Tibet join or approach each other. (Part of the frontier with India is claimed by Pakistan.) It is China's westernmost province, the largest in area but among the smallest in population. It is one of the least Chinese in ethnic composition, Chinese forming only about five or six per cent of its population. The province constitutes an outer frontier zone which is separated from China proper by an inner zone, the region of Chinghai, Kansu, and Ninghsia (Western Inner Mongolia) containing many Tibetans, Moslems, and Mongols. It is separated from Soviet Central Asia and the Mongolian People's Republic by boundary lines that are non-ethnic, but politically extremely sensitive. It is a characteristic of this part of Asia that political frontiers cut across the distribution of peoples. Groups that are closely akin to each other in language, religion, and other cultural characteristics live next to each other but under different sovereignties, a circumstance that accentuates comparisons between different economic, political, and social systems and competing propagandas. With an area of some seven hundred thousand square miles, more than twice that of Texas, Sinkiang has a population of only about four million, or less than two thirds that of Texas. The province is bisected horizontally by the lofty range of the Tien Shan. South of these mountains lies the Tarim basin and north of them the Jungarian depression. Both of these areas are hedged in by the Gobi desert on the east and high

<sup>4</sup> Much of this section appeared in *Far Eastern Survey*, March 10, 1948, an issue prepared by members of the Walter Hines Page School of International Relations of the Johns Hopkins University; and later, in much fuller form and with extensive documentation and analysis, in *Pivot of Asia* (Boston; Little, Brown, 1950) by Owen Lattimore and members of the Inner Asian Seminar of the Page School.

mountains on the other three sides, yet both have served as highways for the exchange of goods and the passage of peoples between regions to the east and to the west. Because of this the province contains a striking heterogeneity of population.

The Tarim basin consists of a low desert; the Turfan depression, in its northeastern part, is actually below sea level. There is almost no rainfall, but the seasonal melting of the snows and glaciers on the surrounding mountains sends streams down into the central desert, the soil of which is suited to cultivation if given sufficient water. As a result, the edge of the desert along the foot of the mountains is dotted by a series of oases, forming a U with the open end toward the east. The oases are connected like beads on a string by two arterial roads, one skirting the lower side of the Tien Shan and the other the northern edge of the Tibetan plateau.

About three quarters of the population of Sinkiang live in the oases of the Tarim basin, mostly in the west. About ninety-two per cent of this southern oasis population consists of a non-Chinese people that has evolved historically by the merging of an indigenous population with successive waves of invaders. They were conquered in the ninth century A.D. by the Uighurs, a Turkic people from northern Mongolia, and were subsequently converted to Islam by missionaries from the west. The present population, to whom the name Uighurs has recently been re-applied, are Turkic in speech and Moslem in religion. Each oasis community is virtually self-contained in its economic life and is separated from other communities by stretches of forbidding desert, impeding political unity. Economic and social changes are taking place, however, and nationalistic feeling has begun to manifest itself.

Next in importance to the Uighurs in southern Sinkiang are the Kirghiz. Like the Uighurs, to whom they are ethnically related, they are Turkic in speech and Moslem in religion, but, unlike the Uighurs, they are a nomadic people who live in the mountain fringes of the Tarim. They belong to the same national group as the Khirghiz in the neighboring Khirghiz Soviet Socialist Republic in the U.S.S.R. In some of the oases there are communities of Uzbeks, originally migrants from the oases of what is now Soviet Uzbekistan. In the southwestern corner of

Sinkiang are the Tajiks, a remnant of the indigenous Iranian population of the province. They are sedentary people who speak an Iranian tongue, are Moslems, and belong to the same national group as the Tajiks of Afghanistan and the Tajiks in the adjacent Tajik Soviet Socialist Republic. There is also a small but important Mongol group, the Mongols of Karashar.

Even more than the Tarim basin, Jungaria is characterized by a high degree of geographic and ethnic diversity. These regions are less arid than those to the south, and on the mountain slopes the moisture is sufficient to create excellent grazing lands. In addition to irrigated agriculture, there is even some dry farming in the river valleys near the Soviet frontier, and some in eastern Jungaria.

The forests, mines, rich mountain pastures, and fertile arable lands of the Ili valley offer the best prospects of economic development north of the Tarim basin, but the valley has never enjoyed a long enough period of peace to permit exploitation of its resources, and it now supports a population of less than half a million. The present population of the area, and of the neighboring Emil valley, is exceedingly mixed. The largest group, forty-three per cent of the total, consists of Kazakhs, a nomadic people of Turkic speech and Moslem religion, related to the Uighurs and more closely related to the Kirghiz. They belong to the same ethnic group as the Kazakhs in the neighboring Kazakh Soviet Socialist Republic. Other inhabitants are settled Manchus, survivors of imperial garrisons, Taranchis, whose name means "cultivators," and Dungans, Chinese-speaking Moslems of mixed Turkic and Chinese stock. There are also a number of nomadic Mongols.

The oases strung along the northern foothills of the Tien Shan are not as densely inhabited as those in the Tarim basin, but neither are the intervening areas of thin grasslands as empty of population as the desert areas of the south. They are inhabited by mixed groups of Uighurs, Dungans, and Chinese, with Kazakhs and Mongols in the hills and pasture lands.

Apart from the oases and the western river valleys, the rest of northern Sinkiang is inhabited by Kazakhs and Mongols in the north, particularly in the Altai.

According to official Chinese figures of 1947, the population of 4,055,850 is made up as follows:



*•Population Composition of Sinkiang, 1947*

Uighurs, Taranchis, and Uzbeks	3,126,603
Kazakhs	424,784
Chinese	235,615
Dungans	103,135
Kirghiz	59,214
Mongols	57,916
White Russians and Tatars	24,822
Manchus, Solons, and Sibos	13,945
Tajiks	9,816
	<hr/> 4,055,850

While the Chinese constitute no more than five or six per cent of the population, the concentration of Chinese in key oases along the main road to China proper provides powerful support for their commanding position in the province. They are most densely congregated, and have their strongest garrisons, in Urumchi, the capital city, where they form over fifty per cent of the population. Urumchi is situated in the center of the vital east-west highway through Jungaria and also commands the only motorable road from northern Sinkiang across the Tien Shan to the rich oases of the south. By holding this city the Chinese control not only the administrative center of the province but also its strategic key point.

The modern history of the Chinese occupation of Sinkiang begins in 1884 when Tso Tsung-tang suppressed widespread Moslem revolts and made Sinkiang (Hsin-chiang, "New Frontier") a province of China. For the next half century, with a peculiar blend of bureaucracy and feudalism, the province was dominated by the families of civilian and military officials who had accompanied Tso Tsung-tang, while an important part in trade was played by merchant families from Tientsin whose ancestors had also come into the province with Tso Tsung-tang.

In 1911 the provincial administration was taken over by Yang Tseng-hsin, who ruled as a frontier warlord for seventeen years. Internally, his administration involved drastic interference with native traditions and placed heavy reliance on promoting conflicts of interest in order to prevent unity of the ruled against the rulers. At different periods Turkic-speaking Moslems were



favored against Chinese-speaking Moslems, or Mongol nomads against Kazakh nomads; and such favoritism was reversed when it seemed expedient. In four regions four different currencies were used in order to prevent concentration of remittances for political purposes. In trade, Chinese merchants and bureaucrats accumulated wealth in the form of "bureaucratic capital," and combined economic monopoly with nepotism.

Yang's external policy was characterized by two closely related principles. Russia was treated simply as Russia, regardless of internal differences between Tsarism and Bolshevism. And the Chinese National Government was treated almost as if, like Russia, it were a foreign power. Political and trade relations were kept up in both directions, but without allowing political or military penetration from either side. Trade in both directions prevented economic control from either direction, and trade with both China and Russia was suspended temporarily at times in order to exert bargaining pressure.

Yang Tseng-hsin was murdered in 1928 and was succeeded by a subordinate, Chin Shu-jen, a native of Kansu, who was less able and more rapacious than Yang and whose misrule resulted in widespread Moslem insurrections that caused his downfall in 1932. Chin, in turn, was succeeded by Sheng Shih-tsai, a native of Manchuria who had originally reached the province as a military adviser recommended by the National Government. He seized power with the aid of Russian arms, planes, and troops; and in the first phase of his rule his indebtedness to Russia combined with the wartime paralysis of China prevented him from following the traditional policy of balancing trade with China against trade with Russia. To secure some basis of support other than Russia he sought to improve relations with the non-Chinese peoples by allowing a considerable degree of self organization and representation. Young people were sent to Russia for technological training, education was increased, and an oilfield and refinery were developed with Russian help.

A second phase began when the Russians were hard pressed at Stalingrad in 1942 and Sheng expected that they would collapse. On this assumption he began to readjust his relations with the Chinese National Government, which he had heretofore treated almost as a foreign power. Wholesale arrests were made of both Chinese and non-Chinese who had been on friendly

terms with Russians, and the new cordiality between the Chinese and non-Chinese was obliterated. In 1943 the Russians reacted to this change of policy by withdrawing all technical and other advisers, taking with them their oilfield and refinery installations. They also withdrew a military unit they had maintained for several years at Hami, blocking the avenues of a possible Japanese motorized invasion of Sinkiang.

Sheng Shih-tsai thus destroyed the traditional careful balance in Sinkiang policies. The early phase of his administration was overpraised by his admirers. On the other hand, his later brutalities caused the inhabitants of Sinkiang to deny that his administration had ever had any virtues. Having deprived himself of Russian support of the kind that had been considered essential by his conservative predecessors, and also of the new kind of support from the non-Chinese population which he had for a while built up, he was unable to prevent the National Government from taking over the province. He was removed from office in 1944 and replaced by Wu Chung-hsin, the first governor of Sinkiang ever actually appointed and sent out by the National Government.

Wu's policy of the absorption of non-Chinese nationalities into the Chinese majority, advocated by the C. C. Clique in the Kuomintang and characterized by deliberate neglect of education in non-Chinese languages and by other measures for denationalizing the non-Chinese peoples, soon led to widespread revolt.<sup>5</sup> A rebellion broke out in the Ili valley in November 1944, forcing the Chinese out of Kulja. It is probable that this rebellion, led by Communists or pro-Communists with contacts in Russian territory, had been prepared as soon as it had become obvious that Sheng Shih-tsai was going to turn the province over to the National Government. A regime calling itself the Eastern Turkistan Republic was set up, and by September 1945 it was reported to have forty thousand men under arms, to have extended its control into the Chuguchak region, and to be threatening Urumchi. Wu Chung-hsin was recalled, and replaced by General Chang Chih-chung who, after long negotiations, succeeded in ending armed resistance almost everywhere except in the Ili valley. Chang's program of compromise and conciliation was

<sup>5</sup> The shift toward a cultural policy of absorption had begun with Sheng Shih-tsai's efforts to get on friendly terms with the Kuomintang in 1942.

deadlocked, however, by the opposition of the C. C. Clique. In 1947 he gave up his post as chairman of the provincial government, though retaining the post of commander of the Generalissimo's Northwest Headquarters, and was succeeded by Masud Sabri, an Uighur protégé and appointee of the C. C. Clique. His appointment was opposed by the nationalist movement in Sinkiang, and in the summer of 1947 the Kulja delegates, under the leadership of Akhmedjan, withdrew from the provincial assembly, refusing to return until Masud Sabri had been removed.

The situation continued at a deadlock through 1948. The Chinese government maintained a force of about one hundred thousand troops in Sinkiang. These had American trucks and radios, but were equipped also with captured German arms, sold to Sinkiang by the Russians in the Sheng Shih-tsai period. Opposed to them were troops of the Kulja coalition, mainly Uighurs and Kazakhs, variously reported at from twenty to sixty thousand. These troops were frequently reported as receiving aid from Russia. Some of their leaders had dual citizenship, Soviet and Chinese.

In December 1948 the Chinese government made a new move of major importance by dropping Masud Sabri as chairman of the province and replacing him, under strong pressure from the Soviet consulate general, with Burhan, the former vice chairman. Burhan was a Chang Chih-chung man, who as a "middle-of-the-roader" was more acceptable to the Kulja dissidents. A Russian Tatar by origin, with large trading interests, he had been a man of influence in the province since Tsarist times and had managed to maintain himself under the regimes of Yang Tseng-hsin, Sheng Shih-tsai, and the Kuomintang, and continues to hold office under the Communist government.

In January 1949 Chang Chih-chung returned to Sinkiang to attempt to negotiate a new Sino-Soviet economic treaty, to replace a ten-year agreement signed in 1939 under the regime of Sheng Shih-tsai. It was reported at the time that the Russians were attempting to acquire monopoly rights in mining, trade, and aviation. There was also speculation that on the Chinese side an elaborate maneuver was being carried out to create a conflict of interest between the Russians and the Chinese Communists by granting to the Russians exclusive rights in this frontier sector of Chinese territory. In March, after seven sessions, the negotiations

on mining and trade bogged down and no agreements were reached. In May the 1939 air agreement was renewed for five years, giving the Russians monopoly rights to an air service between Komul (Hami) and the Soviet frontier.

Returning from Sinkiang after the first few meetings of these negotiations, Chang Chih-chung later joined a five-man Kuomintang "peace team" that went to Peiping to negotiate with the Chinese Communists. There, together with the other members of the delegation, he denounced the Kuomintang and declared his adherence, not to the Chinese Communist party, but to the movement for a coalition government headed by the Communists.

In August 1949 the United States Consulate in Urumchi, opened in 1943, was closed, and the staff returned home by way of Ladakh and India, since land and air communications with China proper had ceased. Nationalist troops in Sinkiang were said to be demoralized, and some of them were reported drifting toward Lanchow. In September Seyfuddin, of the Kulja coalition, went to Peiping as a delegate to the People's Political Consultative Conference, called by the Communists and their political allies. Another delegate was Chang Chih-chung.

During September Communist forces moved rapidly westward, defeating the main forces of the Chinese Moslem leaders Ma Hung-kuei and Ma Pu-fang and four armies of the Kuomintang general Hu Tsung-nan, and taking Ninghsia and Komul, key to the eastern approaches from China proper to Sinkiang. The principal Kuomintang officials in Sinkiang, led by General Tao Chih-yueh, went over to the Communists, and a formal declaration of adherence to the new Communist regime was signed by thirty Sinkiang leaders. The remnants of the Nationalist armies garrisoning the province immediately withdrew, and the troops of General Tao (reported as "over sixty thousand") and the Kulja troops were reorganized into a new "People's Liberation Army."

According to a New China News Agency broadcast of January 9, 1950, a "people's government" of Sinkiang had been inaugurated, in which the governing bodies below the provincial level included "all nationalities, parties and groups." This proclamation appeared to echo a plan proposed by Chang Chih-chung in 1946. It would seem that here, as in so many other parts of

China, the first acts of the Communists consisted in beginning to carry out reforms previously promised by the Kuomintang but never implemented.

In March 1950 an agreement was signed establishing two Sino-Soviet companies for the exploitation of oil and non-ferrous metal resources in Sinkiang. Capital, control, and profits are to be shared equally and the companies will be managed alternately by the contracting parties, with a Chinese chairman and Russian deputy chairman in the first three years. The agreement will remain in force for thirty years.

Political integration of Sinkiang with Communist China is apparently taking a considerable time to complete. The period in which two districts of northwest Sinkiang maintained a separate existence as an autonomous East Turkistan, supported by Russia, while the Nationalists held the rest of Sinkiang, has left a mark. Re-integration was undoubtedly made more difficult by the fact that two of the top leaders of autonomous East Turkistan, Akhmedjan and Isakhjan, were killed in an airplane crash while on their way to a conference with Chinese Communist leaders in Peking. Burhan, the middle-of-the-road provincial leader who has made his peace with the Communists, has referred in an official report to "inadequate unanimity" on basic ideology.

The difficulty of setting up a new unified political and economic administration is increased by the multiplicity of language and national groups. There is a lack of interpreters, and undoubtedly one of the problems is the fact that although the Chinese are in a minority there are far more Chinese than Uighurs or Kazakhs with modern education and administrative experience. According to a *New York Times* report of August 11, 1950, peasant associations are helping to set up village government and are aiding in irrigation and reclamation work, but land reforms have not yet been carried out, although it was proposed to "experiment" with rent reduction after the fall harvest.

### *Tibet*

Tibet lies along China's western border, between Sinkiang on the north, Ladakh and Kashmir on the west, and India, Nepal, Bhutan, and Burma on the south. It is the highest country in the world (three quarters of its area being more than ten thou-



sand feet above sea level) and has an area of over a million square miles, with a population of roughly three million. Northern Tibet, an arid windswept desert with an average altitude over sixteen thousand feet, is too cold for crops or trees. There are many lakes, mostly salt, in the west and northwest. In the south four large valleys contain rich soil, with groves of trees and intensive irrigated agriculture. There is very little rain and a short growing season, but plenty of sunshine. In eastern Tibet there are large rivers and fertile valleys, good grazing lands, and undeveloped mineral resources.

The high plateau of Tibet proper is very thinly populated. The lake region of the west is inhabited by tent-dwelling nomads, some of whom are closely related to the Mongols. In depressions and valleys (such as that in which the city of Lhasa stands), where a limited amount of high-altitude agriculture is possible, the population is more numerous. It is quite clear that in origin the Tibetan-speaking people were not nomads, some of whom later took to agriculture. On the contrary, they were high-altitude farmers, owning cattle, yaks, sheep, and goats as an adjunct to agriculture. They were grouped all around the rim of the high plateau, and subsequently some of them moved out onto the plateau to become nomadic herdsmen.

All Tibetan dialects are more closely related to each other than any one of them is to any of the other languages of the Tibeto-Burman group. There is a great diversity of physical types among the Tibetans. To a large extent they are the descendants of "refugee" peoples or tribes who withdrew to high altitudes all around the edge of Tibet in order to maintain their independence during the long centuries in which the great civilizations of China and India matured and expanded. Consequently the Tibetan area as a whole, including the frontier districts not under the rule of Lhasa, is an ethnological and sociological museum in which can be found a great variety of non-Chinese and non-Indian survivals, together with cultural influences received from China and India at various periods of history, preserved in forms which have since disappeared or been greatly modified in China and India.

Tibet is comparable in many ways to Mongolia. Tibet proper, with its capital at Lhasa, is like Outer Mongolia: it has a long tradition of being in practice independent of China, in



spite of Chinese claims of sovereignty; and just as T̄sarist Russia, succeeded by Soviet Russia, has long been the most important country in Outer Mongolia's international relations, so the British Empire in India, succeeded by the Indian Republic, has long been the most important country in the foreign policy of Tibet. Similarly the Chinese frontier provinces of Chinghai (Kokonor), and Hsikang ("western Kam," Kam being the Tibetan term for eastern Tibet), are comparable to Inner Mongolia. The similarity includes the fact that Tibetan-speaking peoples in the frontier provinces exceed the population of Tibet proper, just as there are more Mongols in Inner Mongolia than in the Mongolian People's Republic. Finally, just as the Buryat Mongols on the Siberian side of the Outer Mongolian People's Republic are not under the rule of that republic, so the Tibetan-speaking groups in Ladakh, Bhutan, Sikkim, and the frontier areas of Assam are under Indian rule or overlordship.

The government of Tibet in its modern form has evolved out of the patronage of local feudalism by a foreign overlord. The rise to importance of the Dalai Lamas of Tibet began in the sixteenth century under the patronage of Mongol chieftains, and in the eighteenth century sovereignty passed to the Manchu emperors of China. Before the Dalai Lama became the leading political figure as well as the highest ecclesiastical personage, Tibet was ruled by feudal princes, the most important of whom could perhaps be called kings. Gradually monastic foundations came to rival the feudal rulers in power and became superior to them when the religious hierarchy came under the patronage first of the Mongols and then of the Manchus. An underlying reason for the importance of the monasteries is that they easily became centers of power and administration in a thinly peopled land where a strong centralized government was always difficult to establish by the typical feudal methods of war and forcible collection of tribute. The corporate nature of monasteries, with continuity of authority provided by selection within the ranks of the priesthood, proved superior to the resources of feudal families, each of which could directly control only a small district separated from other similar districts by uninhabited or very thinly inhabited territory.

Western ideas of the function of a Dalai Lamā have been somewhat exaggerated because of the great power of the thir-

teenth Dalai Lama, who died in 1933 at the age of fifty-nine. Before his time, however, it had long been the custom to poison a Dalai Lama when he reached the age of about eighteen, thus making necessary the choice of a child as his reincarnation and successor. This in turn put the power into the hands of a regent or regency council. Nominally the office of Dalai Lama was the source of all authority, but the real power was exercised by the members of influential families—some of whom were priests, while others were laymen—who carried on the functions of government. The present Dalai Lama is a boy who assumed personal authority in 1950, several years before reaching the age of 18, during the crisis of Communist invasion from China.

The situation of Tibet between China and India favors the development of factional politics and intrigues. The Manchus originally regarded China as a possession of the Manchu dynasty, and Tibet, Sinkiang, and Mongolia as outer possessions of the same dynasty. Only in the closing years of the dynasty, and under the strong influence of world politics, did there become established a concept of a Chinese rather than a Manchu empire, in which these outer territories were "Chinese possessions." With the founding of the Chinese Republic in 1911 this new concept was more strongly asserted; but it was also resisted. The Chinese regarded themselves as the heirs of all that the Manchus had ever possessed; but in Outer Mongolia and in the central domain of Tibet, ruled from Lhasa, the view was that Mongols and Tibetans had as much right to form new governments of their own as did the Chinese. This view was an important element in the origins of modern Mongol and Tibetan nationalism.

Just before the fall of the Manchu dynasty Tibet, like Mongolia, became an object of great-power rivalry. In the early part of the century relations between China, Tibet, and the British government in India resembled in many ways the relations between China, Outer Mongolia, and the Russian Empire.

Tibet had increasingly assumed a special importance for the British government in India. The northwest frontier of India was a military frontier. Afghanistan, lying between the British Empire in India and the Tsarist empire in central Asia, was long a disputed sphere of influence. Though Afghanistan was eventually dominated by Britain rather than by Russia, the maintenance of frontier forces was a major expense chargeable to the

revenues of India. Tibet, in contrast, provided India with a closed frontier not affected by rivalry with any great power and requiring practically no military defense. At the beginning of the present century, however, the British began to fear the penetration of Russian influence into Tibet. Steps were therefore taken to demand that Tibet be subject to no penetration of outside influences unless British influence were equally or even more strongly represented. British pressure led eventually to the Younghusband expedition of 1904-5. Lhasa was taken by a small force under Lieutenant Colonel Younghusband. The Dalai Lama fled and took refuge in Outer Mongolia close to the zone of Russian influence.

After the Chinese Revolution of 1911 Tibet, like Outer Mongolia, began to seek a national policy that would not subordinate Tibetan interests to Chinese interests. Two years before the revolution, in 1909, the Dalai Lama had returned to Tibet. At this time the Manchu imperial government named a special commissioner, Chao Erh-fang, to reassert imperial authority in Tibet. His military activities on the Chinese frontier of Tibet caused the Dalai Lama to flee to India in 1910, where he was treated so considerately that when he returned to Tibet in 1912 he remained for the rest of his life a firm friend of Britain. On the news of the Chinese Revolution many of the Chinese troops in Tibet mutinied, and at the same time open Tibetan resistance broke out.

In 1914, at British initiative, British, Chinese, and Tibetan delegates met to discuss trade relations and especially the definition of the frontier between Tibet and India. A "convention" or agreement was signed; but although the Chinese signer was a plenipotentiary, the Chinese Republic refused to ratify the agreement. Ever since then the British and the Tibetans have held that the agreement is binding, because the Chinese signer held plenipotentiary powers; the Chinese have repudiated it, because it was not ratified. The issue involved is that the British (and now the Indian Republic as successor to the British), together with the Tibetans, hold that in any negotiations between them and China involving Tibet the Tibetans have a right to be represented, and no agreement is valid without their signature. The British also claimed, and for many years exercised, the right to deal directly with the Lhasa government on matters involving

only Tibet and India. The Indian Republic has since continued this direct relationship. The Chinese maintain that they have full sovereignty over Tibet, that although China may permit Tibetans to be present at negotiations the Tibetans have no autonomous right to representation, and that Chinese decisions about Tibet are valid without Tibetan concurrence or signature.

This background helps to explain the events of the last two years. The Tibetan government, continuing to pursue the Tibetan national policy of maximum independence from China, took advantage of the collapse of the Chinese Nationalist government to order the representatives of that government to leave Lhasa. The new Chinese Communist government strongly asserted the principle of Chinese sovereignty over Tibet, thus in effect declaring itself to be heir to all the rights and claims of the previous National Government of China. The Indian government has taken over the former British position with regard to Tibet and, by keeping a representative at Lhasa, continues to maintain the principle of Tibet's right to "autonomous" conduct of its relations with India. An important aspect of this controversy is that until it is settled it will not be clear whether the Himalayan boundary of Assam—agreed under the 1914 convention but never ratified—is a fixed boundary between India and China or a boundary that must be renegotiated between India and a Communist-controlled China.

The continuity of old political claims and attitudes in spite of the fact that both India and China have changed their form of government is further revealed by reports that the Chinese Communist radio has referred on several occasions to the rights and claims of the Panchan Lama, the second highest religious and political personage in Tibet. Traditionally, for some decades at least, the Dalai Lama has personified friendly relations first between Tibet and Britain and later between Tibet and India. The Panchan Lama has personified relations between China and pro-Chinese interests in Tibet. These pro-Chinese interests have been largely concentrated in recent years in certain monasteries which draw a large part of their revenues and a large proportion of their lamas from border districts of Tibet that are in close contact with China, trade principally with China, and to some extent are actually administered by China. The former Panchan Lama, who died several years ago, had such close political con-

nections with the Nationalist government that the Tibetan government at Lhasa prevented him from returning to the part of Tibet controlled by Lhasa.

There are at present two rival "incarnations" of the Panchan Lama. One is the nominee of the personal entourage of the former Panchan Lama. He is a thirteen-year-old boy who has never been in Tibet and whose headquarters have been maintained at the great lamasery of Kumbum in a Chinese-controlled Tibetan frontier district. It is this claimant whose rights have been at least tentatively and semi-officially supported by the Chinese Communist radio. The other claimant is the nominee of the Tibetan authorities at Lhasa, and their recognition of him appears to be an attempt to break the continuity of the close relationship between the office of the Panchan Lama and interests that link Tibet with China.

Up to 1950 the Chinese Communist policy toward Tibet was somewhat exploratory in character. It maintained the traditional Chinese attitude that no other country has the right to participate in or modify agreements between China and Tibet. A Tibetan mission attempted during the summer of 1950 to discuss the future status of Tibet, which had been offered "regional autonomy" under the over-all Communist rule of China. It eventually failed to proceed, after a sharp exchange of notes between India and China in which the Chinese alleged that the mission had been delayed "under outside instigation," and suggested that India itself had been "affected by foreign influences hostile to China in Tibet"—allegations that the Indians indignantly repudiated.

In September 1950 it was announced that the Chinese Communist ambassador to India would meet with the Tibetan delegation in New Delhi for preliminary talks, after which the delegation would proceed to Peiping for the purpose of drawing up an official agreement.

In the meantime Mr. Henry Lieberman, in a dispatch to the *New York Times*, wrote that "according to reports from West China, Li An-che, a cultural anthropologist who is one of China's leading authorities on Tibet, is advising the Communists on how to deal with the Tibetans. Instead of flouting the religious sensibilities of the Tibetans, the Communists appear to have adopted a conciliatory policy toward the Lamaist religion."



and taken infinite pains to respect local customs. They have coupled this with an egalitarian propaganda that is attractive to underprivileged and other Tibetans resentful of the Kuomintang's past policies toward non-Chinese minorities." <sup>6</sup> Professor Li had previously for many years urged the same policy on the Kuomintang government without success.

Mr. Lieberman described the most influential Tibetan Communist as "Sang Chi Yueh-hsi, also known as Tien Pao, who is believed to have joined the Communist party in 1937 after coming into contact with the Red army on its famous long march into northwest China. Tien Pao is . . . a member of the Communist-controlled Political and Military Commission of Southwest China."

Actual Chinese Communist invasion of Tibet began in the summer of 1950. Together with the grouping of Chinese troops near the frontier of Indochina, the Chinese movement into Tibet along two lines of invasion may originally have been part of a wide program of diversion to draw attention away from Chinese preparations for intervention in Korea. One column was reported to be pushing through northeast Tibet (Kokonor or Chinghai), the other through eastern Tibet. At the same time it was reported that agents of minority parties and dissident political leaders, some of them exiles, were trying to penetrate to Lhasa with offers of compromise, and that a nonresistance faction had appeared in Lhasa itself, with the support of monks of one of the most powerful monasteries. There were also sensational reports of Russian reconnaissance, and rumors of the discovery of uranium, the use of airplanes, Geiger counters, and portable radios by Russian agents, and of the preparation of airfields. Dominating India by means of high-altitude airfields in Tibet would, however, be difficult because it would require transportation of fuel in large quantities, to high altitudes, over great distances.

As the invasion proceeded, there appeared to be only one major military action—the taking of Chamdo, on the frontier between traditionally Chinese-administered and Lhasa-administered territories, in October. According to reports filtering through long afterward, about a third of Lhasa's main military force of ten thousand men were posted at Chamdo under senior command.

<sup>6</sup> *New York Times*, July 23, 1950.

They were panicked when the Chinese used rockets and flares instead of firearms, and the commander fled. Later he returned, walked into a Chinese trap, was captured, treated well, and then encouraged to report to Lhasa that it was 'impossible to defeat the Communists.'

In November the Lhasa authorities protested to the United Nations against Chinese aggression, and appealed for intercession, but no member of the Security Council was willing to take up the issue. The Dalai Lama then ended his own minority by decree and assumed full ruling powers, but fled shortly thereafter from his capital to a point near the Indian frontier. According to some reports, he left representatives in Lhasa empowered to negotiate with the Chinese and thus was in a position either to return to Lhasa if he believed in the Chinese offers of local autonomy, or to cross the frontier into exile in India.

# KOREA

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IN 1950 Korea found itself the center of a conflict with global implications. Conflict was not new to Korea, but the international limelight was new indeed. For two thousand years the nation had been overshadowed and influenced by China, its "big brother" in the Confucian scheme of international affairs. Korean kings took pride in receiving symbols of investiture from Chinese emperors. When China was invaded by outside barbarians—Mongols, Tatars, and Manchus—Korea also suffered and had to accept their sovereignty. Some three centuries ago, after a Japanese invasion directed ultimately at China, Korea chose to become a "hermit nation," closing its doors and limiting its contacts with neighboring powers to an exchange of envoys, to whom traders sometimes attached themselves. This isolation lasted nearly to the end of the nineteenth century.

When the West forced its way into Korea, as into China and Japan, Korea was revealed as a weak nation with an inefficient, venal administration and an archaic economy. Its strength had been sapped by the wide breach between the common people and the educated court classes, who were themselves divided by bitter party rivalries. In 1905, when the Japanese emerged victorious from the Russo-Japanese War, Korea was at their mercy. Japan annexed Korea in 1910, and for the next thirty-five years Korea was subject to Japanese rule.

The impact of the West, particularly through Japan, pro-

<sup>1</sup> The author was aided in his research by Charles F. Steffens, a student at Colgate University. This chapter was completed by Mr. McCune in Syracuse in June 1950. Subsequent developments in connection with the Korean war are discussed in Miriam S. Farley's chapter on "The Korean Crisis and the United Nations."

foundly changed the Korean way of life. Moral codes, religious customs, and the structure of government were shattered. The substitutes were often rejected or only partially accepted, and Korea today is still a hodgepodge of East and West. But despite the incursion of ideas, cultural and political, and the invasion of outside powers, the Koreans maintained their own language, mores, and national entity. Though the Japanese attempted to dissipate Korean nationalism, there was never any wide acceptance of the idea that Korea was an integral part of the Japanese Empire.

Japan organized the colonial government on a highly centralized basis, with a governor-general (a Japanese army or naval officer) at the top of the hierarchy. There were some consultative bodies with Korean membership, but these had little power. A few Koreans, trained in Japan, occupied important posts in the bureaucracy; in general, however, Koreans were used only in the lower strata of government. The growth of democratic action was hampered by rigid governmental organization, a strong police system, and the lack of popular representation. The effort to Japanize Koreans through educational, social, and religious controls was largely negated by an underlying Korean nationalism. There were some unsuccessful mass movements for independence or for a more liberal regime, notably the Mansei movement of 1919. Western influence, particularly through Christian missionaries, also hindered Korean acceptance of Japanese totalitarianism.

As the Japanese prepared themselves for conquest and overran vast areas of Asia, Korea became an important source of food, manpower, raw materials, and semifinished goods. Its entire economy was oriented in Japan's favor. Korea's basic problems, which it shared with most of the rest of Asia, were intensified during these colonial years.

The first basic problem was land. Korea has an area of eighty-five thousand square miles, roughly the size of Minnesota. But so little of this land is arable that the thirty million Koreans are crowded into only one fifth of the area. In most of Korea the roughness of the terrain limits land use. There are high mountains in the northern interior, and the central and southern ranges extend down the eastern side of the peninsula, with ridges running westward. This network leaves only small isolated

pockets on the eastern coast and somewhat larger plains along the southern and western coasts. Even this discontinuous fringe of arable land is not too fertile. The climate also limits land use. North Korea has a short growing season and a bitter winter; the south, influenced by maritime factors, enjoys a milder climate similar to that of South Carolina. The summer rainfall is favorable for rice, the predominant crop. Although, on the whole, the Korean climate is not ideal for agricultural production, eighty per cent of the Korean population are farmers.

The introduction of a money economy together with taxation in money (and a heavier total taxation) profoundly affected the rural credit and landholding systems in Korea. Under the Japanese the small owner-cultivators lost much of their land and were reduced to tenancy with exorbitant rentals. Farm tenancy, which accounted for about forty per cent of the cultivated land in 1910, increased to seventy-three per cent in 1945. The Japanese purposely did not reveal the exact amount of land they owned in Korea, but their share has been estimated to have been two thirds of the landlord-held land. It was a common Japanese practice to impose relatively large-scale irrigation projects for which the Korean farmers could not pay. The land involved was then mortgaged and eventually passed into the hands of Japanese landholding companies, particularly the semi-official Oriental Development Company.

Korea was developed as a rice bowl for Japan. In the process the acreage devoted to rice was increased, irrigation was expanded and artificial Japanese fertilizers were imported. But on the debit side Korea was forced to cut down on its own rice consumption and to import millet from Manchuria. Despite the emphasis on rice, little new land was brought under cultivation during the Japanese regime. Korea's population, on the other hand, has virtually doubled during the past thirty-seven years. The first relatively reliable count, in 1913, recorded 15,500,000 people; the total rose to 19,500,000 in 1925 and to 24,300,000 in 1940. These figures do not take into account a considerable number of Koreans who emigrated to Japan and Manchuria during the later years. (There were three million Koreans, mostly laborers, in Japan at the war's end.) With the natural increase plus the returned migrants, the population was estimated at thirty million early in 1950. If the rate of increase at that time



were maintained, the total would double again in a much shorter time. Thus Korea shares a second Asian problem—population “explosion.”

With a shortage of arable land and an expanding population, it is obvious that the poverty of the Korean people has deepened. A primarily agricultural economy, operating under simple and often antiquated methods of cultivation, does not make for progress against poverty. When one adds to this the Korean tenure system and thirty-five years of Japanese exploitation, the problem of raising Korea's living standards becomes clearer and more urgent.

Japan's preparations for war resulted in intensified industrial development in its colony. The impact of the West had already expanded transport and communication facilities, and simple home crafts were giving way to modern factory methods. Consumer goods industries had been developed, most often by Japanese capitalists. Then came heavy industries—the exploitation and primary processing of iron and steel, copper, the light metals, and chemicals. Hydroelectric potentials were recognized. For example, a dam as large as Boulder Dam, with an installed capacity of 640,000 kilowatts, was built on the Yalu River.

During the war these industrial installations, as well as the Korean land and people, suffered only slightly from the ravages of land, sea, and air combat. American air activity was confined to mining operations designed to bottle up Korean harbors. Except for the fighting between Japanese and Russians in northern Korea as the surrender order went out, Korea was occupied with little bloodshed. But because of wartime shortages, some of the industrial plant and transportation facilities had been allowed to deteriorate. Moreover, just before the surrender and immediately afterward, the Japanese touched off a serious inflationary cycle by paying large retirement bonuses to their Korean workers, partly as a self-protective device.

In short, at the time of its liberation, Korea's problems were numerous and severe. The task of overcoming wartime dislocations and reorienting the economy away from Japan was superimposed upon the older, more fundamental issues of land, population, and livelihood. These difficulties were now magnified by the division of the country at the 38th parallel, a line first created as a boundary between Russian and American forces re-

ceiving the Japanese surrender. Its origin is veiled in military secrecy. A line to divide operational zones may have been discussed in military staff conferences between American and Russian officers at Potsdam in July 1945, or possibly in February 1945 at Yalta. But it seems likely that, faced with the rapid collapse of Japan and the sudden need for surrender plans, a small group of staff planners in Washington made the actual decision to use the 38th parallel. They presumably wanted a simple demarcation that roughly halved Korea and yet left the capital (Seoul) in American hands. The 38th parallel seemed well suited to this purpose.

As one would expect of such a geodetic line, it cut indiscriminately across land forms, political units, and transportation networks. For example, the Ongjin peninsula south of the parallel in western Korea was cut off from the rest of the southern zone. The line went so close to the city of Kaesong that parts of the old city limits were included in the northern zone. There were no mountain crests or rivers that would give the parallel physical validity. As an international boundary it had few advantages except for cartographers. When the line was maintained beyond its immediate military purpose, it destroyed the economic and national entity of Korea.

The 38th parallel created two economically disparate zones in Korea. It is a dangerous oversimplification to call north Korea industrial and south Korea agricultural, for industry and agriculture were carried on in both areas. But the two zones complemented each other to a considerable degree. The consumer-goods industries of the south depended on the north for electric power and semifinished raw materials, and the north depended on these southern industries for its consumer wants. The agricultural production of the south was greatly increased by the use of northern-manufactured fertilizer. Thus a rigid barrier at the 38th parallel might well strangle both economies. And as long as the barrier existed, widening both the economic and the political breach between north and south, the prospects for a sound and stable Korean nation were dim.

Friction between the United States and the Soviet Union was the vital factor in solidifying the barrier. The basic causes of this friction are outside the realm of this discussion, but Korea affords a tragic example of the results of such rivalry.

Russia has been concerned with Korean affairs for decades. It played an important part in the intrigue and power politics that went on in Korea at the end of the last century. Russian power in Korea was tested and defeated in the Russo-Japanese War of 1904-1905. When Japan collapsed after the Second World War, Russia (now a Communist rather than a Tsarist state) demanded and received the same general position it had before 1904.

Soviet concern with Korea arose partly from proximity. Korea borders Russia for some eleven miles along the Tumen River; Vladivostok is only a hundred miles from north Korean ports. According to Russian sources, 170,000 Koreans were resident in Siberia in 1937. Some were settlers of long standing in the border region; others were political exiles. Of this group, especially in the younger generation, a number were Communists. There was also a relatively large number of Korean Communists in Japan, China, and Korea proper. The Soviet Union had still another interest in Korea: with the industrialization both of northern Korea and of southeastern Siberia, there was a considerable opportunity for the interchange of products, especially if Manchurian resources and industries were tied into the industrial complex.

The control of all Korea by a group friendly to the Soviet Union would be politically and strategically valuable to Moscow. Around the Korean peninsula lie the major powers of the Pacific. The main island of Japan is only 120 miles away to the southeast; the Shantung Peninsula of China is an equal distance to the west; and Manchuria shares most of Korea's northern border except where Korea and Russia meet. Korea in the hands of any one power affects the power balance of all the other Far Eastern nations.

American interests in Korea were much less vital than the Russian. Before the Second World War American concern was largely governed by humanitarian and, to a minor degree, economic factors. Korea was a long distance from the United States. As a rule, Americans had little contact with Koreans, although a few hundred Koreans had been educated in the United States and there were some twelve thousand Koreans resident in Hawaii and California. American missionary activities, along with those of other missionary bodies, had considerable success

in Korea. There were more Korean Protestant Christians in relation to the population than in any other Asian country. Korea naturally assumed military importance during the war; but although logic and strategy would seem to have called for it, there was practically no wartime training of Americans in the Korean language or in the background of Korean problems.

When United States troops were assigned to occupy both south Korea and Japan, Korea was given a new place in American plans. To some degree it may be said that America inherited the Japanese position in Korea. Willy-nilly, the United States was now a Pacific power. But as far as Korea was concerned, Americans were ill prepared for this new position. Many Americans still seriously doubted Korea's strategic, economic, or political significance. Korea was a headache and there seemed to be no aspirin at hand. But at the same time the United States was beginning to feel the first pressure of the "cold war." It soon became evident that Korea was to be one of the "hottest" of the frontiers between the United States and the Soviet Union, and that American policy toward Korea had to fit in with the over-all American cold war strategy.

In spite of a virile nationalism, there had been little in the way of well organized Korean political activity during the Japanese regime. Upon their liberation, the Koreans had high hopes for complete independence. People's committees were set up in the interim between the armistice and the actual surrender of the Japanese troops. These were naturally not elected bodies. In some cases political prisoners, including Communists, released by the Japanese from jails or from surveillance, plunged into political agitation and had themselves proclaimed people's representatives by mass meetings. In other cases recognized community leaders—landlords, merchants, teachers, Christian pastors—were called in by Japanese officials and urged to set up committees to maintain order. The authority of these committees rested largely on public consent. Shortly before the arrival of American troops, a Korean "People's Republic" was set up on the basis of people's committees in both occupation zones, led by the popular moderate leftist, Lyuh Woonhyung. The divergent Soviet and American occupation policies first became apparent in the handling of these committees in the two zones.

In the north the Soviet occupation forces utilized those

committees which were oriented toward the Russian point of view, and suppressed those which represented middle-of-the-road elements. To ensure their control they imported Korean Communists from Manchuria and northern China. Representatives of the northern committees met in February 1946 to set up a government, dominated by Communists and headed by Kim Il-sung, a young Soviet-trained Korean with the same name (apparently assumed) as a famed anti-Japanese guerrilla leader.

In the south, after an unfortunate period of some days during which the Japanese were allowed to keep control, the American military government was established. The "People's Republic" was not recognized, and during the fall of 1945 it was outlawed, in part because of its threats of extremist action. (Some time later, in July 1947, Lyuh Woonhyung was assassinated, presumably by rightists.) A number of Korean leaders, most of whom had lived abroad for decades, returned to Korea from China and the United States. Political factions and parties sprouted, and intrigue was rife. The American military officers were generally inexperienced in government and hampered by their heavy dependence on interpreters.

The American and Soviet commanders found it increasingly difficult to define their responsibilities and work out mutual problems. Therefore the Council of Foreign Ministers, meeting in Moscow late in December 1945, signed an agreement to establish a United States-Soviet Joint Commission. The Commission was to consult with Korean "democratic parties and social organizations" and set up a provisional Korean government. From this government, operating under a four-power trusteeship for not more than five years, an independent government was to be developed. Nationalistic Koreans reacted violently to the Moscow Agreement. A minor factor was the misleading Korean translation of the word "trusteeship"—the same term had been used by the Japanese for their "protectorate" before their formal annexation of Korea. Mammoth street parades and protest meetings were held in the southern zone; even the left-wing parties participated until they received the "word" and quickly shifted to approval of the Moscow decision.

The Joint Commission met in the spring of 1946, but could not agree on the "democratic parties" to be consulted. The Russians wished to consult only those parties which did not object to



the Moscow Agreement; the Americans contended that this would be a denial of free speech. With this stalemate, the American military government went ahead to organize an interim legislative assembly. Half of the group was chosen through indirect elections in November 1946, and the other half was appointed by the military governor. (The electees were mainly from right-wing, anticoalition groups, while many of the appointees came from more liberal groups.) The military government itself gave more administrative and judicial posts to Koreans. After an exchange of notes between Moscow and Washington, the Joint Commission reconvened on May 21, 1947. Lengthy discussion during the early summer again failed to resolve the question of what parties were to be consulted.

In the fall of 1947 the United States made another appeal for a four-power meeting on the subject of Korea. When this was rejected by the Soviet Union, the United States brought the question of Korean independence before the United Nations General Assembly. The Assembly voted on November 14, 1947, with the Soviet bloc abstaining, to set up a United Nations Temporary Commission on Korea (U.N.T.C.O.K.). This Commission was to observe the election in Korea of "representatives with whom the Commission may consult regarding the prompt attainment of the freedom and independence of the Korean people and which representation, constituting a National Assembly, may establish a National Government of Korea." In spite of occasional serious differences of opinion, U.N.T.C.O.K. operated quite successfully as an international body. Reaching Korea early in 1948, it found itself unable to penetrate into the northern zone; the Interim Committee of the General Assembly therefore instructed it to observe elections in that part of Korea which was accessible to it. These elections were to be held on May 10, 1948.

During U.N.T.C.O.K.'s deliberations, Korean political activity had intensified. The varied political groups took divergent and sometimes unusual paths. The left wing followed the Russian line, boycotting the U.N. Commission and its work. But a number of moderates and rightists also opposed the work of the Commission, feeling that it would deepen the north-south split. Some moderate and rightist leaders, notably Kim Koo and Kimm Kiusic, attended a conference of northern and southern leaders in Pyonyang, the capital of the Soviet zone. The initiative

for the conference came from the north; its announced<sup>d</sup> objective was to block the U.N.T.C.O.K.-sponsored elections in the south. The conference failed to achieve this goal.

A great deal of political agitation preceded the election in south Korea. Many of the southern parties were small and based themselves on allegiance to individuals rather than to principles. Amalgamations, splits, and shifts were frequent. The Hankook Democratic party, headed by Kim Songsoo (an influential landlord and industrialist), was the strongest and best financed. Another generally rightist coalition was the National Association for the Rapid Realization of Korean Independence; its leader was Dr. Syngman Rhee, educated and long resident in America. The Korean Independence party was led by Kim Koo, former head of the Korean Provisional Government which had operated in China since 1919 to keep Korean nationalism alive. This party subsequently boycotted the election. Besides the three major parties, there were numerous youth movements allied to one or another group. The Taedong Youth group had as its nucleus refugees from northwestern Korea. There was also a large number of quasi-independents, some of them moderate or leftist. The extreme leftist South Korean Labor party had gone underground after some of its leaders were arrested for inciting disturbances. The common feature of all the open parties was their strong nationalism. It should also be noted that many of the rightist party platforms included liberal and socialistic concepts such as land tenure reform and government ownership of resources and transportation.

Four fifths of the south Korean electorate registered for the May 10 election, and of these ninety per cent voted, indicating that the attempted boycott was not successful. The results gave no clear-cut majority to one party. The largest single group of candidates elected consisted of eighty-five who ran as independents. Some of them actually had the support of one of the parties or youth groups; others had been members of the Korean Independence party. Dr. Rhee's party won fifty-five seats, the Hankook party twenty-eight seats, the Taedong Youth group twelve seats, the National Youth Corps six seats, and the Taehan Labor League two seats, and there were ten single representatives of minor parties. The "independents" thus made up the bulk of the new Assembly and created an unstable sup-

port for one or another major party. Although the two strongest parties were rightist they did not amalgamate, partly because of personality factors.

The Assembly, after some preliminary steps, promulgated a constitution on July 17, 1948. The constitution set up a presidential system with a single legislative body, the Assembly itself. The president was to be elected by the Assembly, and his choice of a prime minister had to be confirmed by that body. Dr. Rhee was elected president by an overwhelming majority (180 to 16). When his initial choice for prime minister was rejected, a compromise nominee, Lee Bumsuk (a former official of the refugee Korean government in China), was approved by a narrower margin, 110 to 84.

After considerable debate and some strongly expressed minority views, U.N.T.C.O.K. gave a degree of recognition to the new government by attending an Assembly session, and held itself ready to consult with that body. On August 24, however, a representative of the Assembly told the main committee of U.N.T.C.O.K. that, because of the various agreements being made with the American authorities, "for the moment there were no questions on which the Korean government wanted to consult the Commission." On August 15 the American military government transferred responsibility to the new Korean administration, and negotiations began for the withdrawal of American troops. The United States promised economic aid and military support through treaty provisions and agreements.

The constitution proclaimed that the new government had jurisdiction over all of Korea, but little could be done to extend its authority beyond the 38th parallel. The south Korean government leaders were not prone to compromise with northern leaders in any way. In the fall of 1948 U.N.T.C.O.K. reported on the election results and its own activities to the U.N. General Assembly in Paris. On December 12 the General Assembly declared, by a vote of 48 to 6, that the government of the New Republic of Korea was •

a lawful government having effective control and jurisdiction over that part of Korea where the Temporary Commission was able to observe and consult and in which the great majority of the people of all Korea reside; that the

government is based on elections which were a valid expression of the free will of the electorate of that part of Korea and which were observed by the Temporary Commission; and that this is the only such government in Korea.<sup>2</sup>

The Assembly resolution also set up a Commission on Korea (U.N.T.C.O.K.) to observe conditions and to lend its good offices to bring about the unification of the country. On January 1, 1949, the United States recognized the new government, and other nations in the Western bloc followed suit.

Political activities north of the 38th parallel culminated in the organization of another regime claiming jurisdiction over all of Korea.<sup>3</sup> The Provisional People's Committee for North Korea, set up in February 1946, gave place a year later to the North Korean People's Council. This body was composed of representatives of people's committees who had been "elected" in single-slate elections on November 3, 1946. The Council established a supreme court and a presidium to conduct the government. It boycotted U.N.T.C.O.K.'s efforts toward unification, denouncing it as a "hireling of the American dollar." Prepared the previous fall, a draft constitution for a Democratic People's Republic of Korea was published on February 10, 1948. It followed the Soviet pattern. Seoul was called the capital of Korea, but Pyongyang was designated as the temporary capital pending the formation of a unified government. The North Korean People's Council approved the draft on April 29, 1948; on July 9 the Council chose August 25 as the date for elections to a Supreme People's Assembly, provided for by the draft constitution. Again by single-slate elections, 212 assemblymen were chosen to represent north Korea. A conference of 1,080 persons, supposedly representative of south Korea, met at Haeju (just north of the 38th parallel) and elected 360 assemblymen from their number. The Supreme People's Assembly met in Pyongyang on September 9, 1948 and established the government of the People's Republic of Korea. The cabinet, holding executive power, included

<sup>2</sup> General Assembly Resolution 195 (III), *Report of the United Nations Commission on Korea*, Vol. I, General Assembly, *Official Records*, Fourth Session, Supplement No. 9 (A/136), p. 10.

<sup>3</sup> Information on these political developments is difficult to obtain through normal research channels. The material given here is largely from Soviet or north Korean publications, and its accuracy must be appraised in that light.

a number of Koreans whose family homes had been in the south. Kim Ilsung was named Prime Minister.

The northern Assembly appealed to both the Soviet and the American governments to withdraw their troops. On September 19 the President of the Supreme Soviet of the U.S.S.R. acknowledged the request and promised withdrawal of Soviet troops by January 1, 1949. Later the People's Republic was recognized by the Soviet Union and by some of its satellites. Kim Ilsung, Kim Doobong (who had been with the Chinese Communists in Yen-an), and other north Korean leaders visited Moscow in the spring of 1949 and signed an economic and cultural relations pact.

During 1949 the Republic of Korea in the south strengthened its ties with the West, particularly with the United States. The American diplomatic mission was reported as holding a strong advisory position in relation to some parts of the government. A few nonofficial American citizens were also in the employ of the Korean government. Economic aid was rendered through the Korean program of the United States Economic Cooperation Administration. On June 29, 1949 the United States withdrew its occupation forces, except for a group of some five hundred U.S. officers and men who remained, at the request of the Korean government, to aid in the training of Korean security forces.

Many nations of the Western bloc recognized the southern government as the government of Korea, but attempts to gain United Nations membership for the Republic were halted by resistance from the Soviet bloc. The Republic did, however, obtain representation in the Food and Agriculture Organization, the World Health Organization, and some other subordinate organs of the United Nations.

The United Nations Commission on Korea, set up by the United Nations General Assembly in December 1948 in place of the earlier Temporary Commission, remained in south Korea, although it operated under some difficulties. The Commission tried in vain to make contact with the northern regime and to work toward a unification of the peninsula. It reported in July 1949 that "the situation in Korea is now no better than it was in the beginning," and laid the blame on the worldwide antagonism between the United States and the Soviet Union.



Officials of the southern government were particularly wary of any proposed negotiations with the northern regime. When the United Nations Commission announced that it intended to consult the northern regime on the issue of unification the foreign minister of the republic of Korea stated:<sup>4</sup> "We are certain you gentlemen would not wish us to condone any experiment that endangers the very life of our nation by exposing it to the same dangers that we are jointly trying to overcome." Part of this feeling was based upon natural suspicion of the Communist regime and its leaders. Negotiation might have implied *de facto* recognition, which was obviously not desired. There was also the fact that, throughout 1949, the security forces of the southern Republic more than held their own in the skirmishing between the two armies along the 38th parallel. The southern forces, trained by United States Army officers and numbering about two hundred thousand, appeared to be well equipped and quite effective.

Within south Korea itself, economic difficulties were serious. As noted above, they arose partly from the division of the country, partly from Korea's background as a Japanese colony, and partly from the general economic dislocations attendant on population growth and Westernization. In facing the basic problem of land tenure, the American military government undertook to reduce rents; not until the spring of 1947, however, did it provide for the sale and redistribution of former Japanese-owned land to Korean farmers. In 1949 the south Korean government enacted a land reform plan that would have enabled over a million farmers to purchase their land from Korean landlords. The plan had not yet been implemented when the war broke out in June 1950. Many observers considered it unfortunate that such a long period elapsed before these fundamental measures were taken.

Production of food and other agricultural items was as great a problem in south Korea as elsewhere in Asia. Rice, which supplies sixty per cent of the calories in the Korean diet, reached a production total of 2,500,000 metric tons in 1948. Other cereals also increased. The 1948 production of barley was 352,393

<sup>4</sup> *Report of the United Nations Commission on Korea*, cited, Annex IV, 2, p. 45. Quoted from a letter to the chairman of the Commission, dated May 19, 1949.

tons; of naked barley, 212,780 tons; of wheat, 89,912 tons; and of rye, 18,896 tons. Food production was supplemented by fish and other marine products, which were estimated at 300,000 metric tons in 1948. If prevailing methods of food production were continued, according to an E.C.A. estimate, south Korea would be able to produce all the food its population needed and could begin to export food during 1950. In an effort to stabilize food production and distribution, the Republic undertook control and rationing of cereals. This program helped to curtail excessive inflation of cereal prices. Rice prices in August 1949 were nine times as high as in August 1945; cotton cloth prices increased a hundredfold during the same period.

Facilities for producing industrial commodities, both for domestic and for export markets, were very limited; most of the existing heavy industrial plant was in the north, and the south lacked power for the industries it had. Electric power had been supplied by north Korea, but on May 14, 1948 the power was cut off, largely as a political and propaganda action because of the recent elections. Thereafter, southern industry had to depend in the main on power derived from coal. Naval power-barges and small hydroelectric plants in the south relieved the situation somewhat. New hydroelectric plants were started and special emphasis was placed on the production of coal for steam-generating plants. The south's limited supply of anthracite was exploited to the fullest degree, particularly in the Samchok area. In 1948, 714,150 tons were mined in south Korea, and monthly production reached a peak of 97,918 tons in April 1949. Bituminous coal for transportation facilities was shipped from Japan, and 967,903 tons were imported from this source in 1948.

At the end of the war, many light industries in south Korea had been taken over from their former Japanese owners and operated by the government, on government capital. Toward the end of 1949 the government was planning to relinquish its control and to sell these industrial plants to private owners. Such industries, because of their size and type, did not require much capital. As the power shortage eased and as more Korean technicians were trained, industrial production increased.

The barrier between north and south Korea forced the southern Republic to increase its trade with foreign nations, chiefly the United States and Japan. Imports from these two

countries included fertilizer (vital to agriculture), petroleum, coal, cotton, other raw materials for industry, and, until 1949, food. A trade agreement with Japan, signed late in 1949, called for the export in 1950 of Korean rice, maize, and manufactures valued at \$49,000,000. The Republic maintained an import-export ratio of about nine to one. A more equitable balance of trade was not expected within the next few years; the relatively unstable south Korean economy raised a serious problem.

When the new government was created it had no national debt, but its financial system showed inflationary tendencies. The unit of money in south Korea was the *won*, which had an official exchange rate of 450 to the U.S. dollar. This official rate was not universal because in some instances, e.g. in government reports, other and higher rates of conversion were used. (Official conversions were at 1,100 to one.) Anti-inflation measures were not very effective. Toward the end of 1949 prices were rising at a dangerously rapid rate. The budget was unbalanced, and the deficit was made up by further note issues. The Bank of Korea note issue in the south increased from 8,700,000,000 won in September 1945 to 75,000,000,000 in February 1950. The budget for 1949-50 called for 223,433,404,000 won for general and special expenditures, much of it going for defense and police and for intelligence and subversive work in the north.

In view of this financial instability, American officials both in Korea and in Washington called upon the Korean government to institute more vigorous controls and to balance the budget for the year 1950-1. Increasing the taxes and tightening up on money were not very popular measures, but they were carried out in the spring of 1950. Thus the currency issue was stabilized at around fifty-seven billion won, and a balanced budget was passed by the Legislative Assembly.

American knowledge and money contributed toward the recovery of the south Korean economy. The United States Army had appropriations amounting to \$356,000,000 for relief and rehabilitation in Korea from 1945 to 1949. The administration of the cereal rationing program was set up in the Economic Aid Agreement with the United States, signed on December 10, 1948. Most of the Republic's trade with the United States and Japan was sponsored and regulated by E.C.A. agreements. To help stabilize conditions further, the E.C.A. submitted to the

United States Congress in May 1949 a program calling for an appropriation of \$150,000,000 for south Korea. On June 30 the House Foreign Affairs Committee gave its approval. The next day Secretary of State Acheson declared that the Republic of Korea would fall within three months if the program were rejected. The Senate did not pass the bill until October 12. Pending the appropriation, however, the Reconstruction Finance Corporation was authorized to advance \$60,000,000 through the E.C.A. so that aid could continue.

Action on the appropriation measure was delayed until January 19, 1950, when it came up for consideration in the U.S. House of Representatives. The bill was defeated by a vote of 192 to 191, thus dealing a blow to the Administration's foreign policy. The reasons for this adverse vote may include the opposition of some Republican members to the continuing high level of expenditures for foreign aid, and the reaction against the Truman policies for China and Formosa. In addition, despite the increased emphasis on the Far East and Korea, members of Congress were not well informed on Korea.

The defeat of the bill was decried with little exception. President Truman and Secretary Acheson considered that "This action, if not quickly repaired, will have the most far reaching adverse effects upon our foreign policy, not only in Korea but in many other areas of the world."<sup>5</sup> Newspaper editorial comment generally described the defeat of the bill as inconsistent with announced United States policy. Public opinion seemed to favor the idea of continued aid to south Korea.

As a result, Congress passed a new bill authorizing \$60,000,000 for economic aid for Korea. Later in the session it finally approved legislation providing for \$110,000,000 for the fiscal year 1950. These funds were to be administered by E.C.A. It was a major aim of the aid program that south Korea produce more exportable commodities and reduce its imports.

Efforts toward stabilizing the economy had their counterpart in the political sphere, and here too there were obstacles. One of the unfortunate aspects of south Korea's internal political development was the shrinking power of the small middle class. Rampant inflation, the delay in land redistribution, and the exo-

<sup>5</sup> Statement by Secretary Acheson, and President Truman's statement of concurrence, reported in *The New York Times* of January 22, 1950.

dus of the Japanese from the small-business and professional classes helped to create this situation. The internal problems of south Korea definitely called for a "strong hand," and government control was prevalent in agriculture, education, trade, utilities, and finance. The policies of the southern government, moreover, were aimed at protecting the south from disturbances caused by the northern regime or its agents. Some critics called the resulting measures those of a police state. The political tension justified a great deal of the action taken by the southern Republic. The danger, and one of the great internal problems facing the Republic, was the growth of an extreme rightist state.

The United Nations Commission, observing political developments in south Korea in the summer of 1949, felt that some of the differences of opinion between the Executive and the National Assembly were "a wholesome sign for the growth of democracy in Korea."<sup>6</sup> The contrast between the two groups is indicative of the political trends in south Korea during that period. In practice the prime minister was not a strong figure, most of the power remaining in the hands of the President, Syngman Rhee. The other cabinet ministers, also appointed by the president, were not subject to Assembly approval, although the Assembly could and did exercise its right of criticism. The original cabinet represented varying groups, but it was not particularly strong. The responsibility of the cabinet to the National Assembly was a serious point of contention. The Assembly, for example, at different times passed resolutions calling for the resignation of the entire cabinet or of individual members. An amendment to the constitution, introduced in the Assembly early in 1950, would have made the cabinet responsible to the Assembly. This was opposed by President Rhee and was not passed.

There were a number of critical issues on which the Assembly and the Executive disagreed. Among them were the local administration law (should the president appoint the provincial governors or should they be elected?) and the land reform bill (what about some of the provisions for payment for the land?). Another sore point was the exaction of heavy illegal contributions from citizens by provincial officials and police, who claimed that

<sup>6</sup> *Report of the United Nations Commission on Korea*, Vol. II, Annex IV, 2, p. 17.



under inflationary conditions their salaries were not sufficient for their livelihood. The amount contributed was said to equal the total national and local budgets, and normal tax collections were consequently far behind schedule. Such disagreements were often settled by compromise, though this was not easily achieved.

The Assembly underwent a number of important changes. There were resignations, in one case because of alleged election fraud; some members died; and at one time thirteen Assembly members were under arrest, accused of subversive activity. The fact that so many members were independents, without strong party ties, meant that the legislative processes moved slowly. An Assembly committee was therefore set up to carry on negotiations concerning legislative procedure. Representation on the committee was drawn from the parties and based on their size; this gave a premium to party adherence. Some parties amalgamated to increase their strength. Thus the Hankook Democratic party merged with the majority group of the Korean Nationalist party to form the Democratic Nationalist party. It had strong behind-the-scenes support from Kim Songsoo (see p. 138). It was able to muster about eighty-five votes and thus was the largest single party. The Il Min Hoi, chief backing for President Rhee, had about forty votes.

The National Assembly trespassed on the rights of the Executive when, on December 7, 1948, it set up a Special Investigation Committee with certain police powers, including the right of arrest. It was to investigate the role and status of Koreans who had collaborated with the Japanese. Some of these Koreans had been police officers under the Japanese and were still in office—sometimes on high levels—for half the officers holding the rank of lieutenant or higher had served under the Japanese. In June 1949, after a number of crises, the regular police seized the committee's files and disarmed, arrested, and beat the special investigating police. After negotiation the Assembly relinquished its active role in the inquiry.

The role of the police was naturally a crucial one. During Japanese control the police were virtually a law unto themselves; their power was so broad that they could and did delve into every facet of life—from housecleaning to unhappy marital relations. Trained in that pattern, and dealing with a citizenry that had become accustomed to rigorous police action, the police

maintained their power after the Japanese surrender. Although they were placed under the supervision of the Ministry of Home Affairs, their methods did not change much—as witnessed by continuing reports of torture and death from beatings.

Frequent internal disturbances, believed to be inspired by agents of the northern regime, heightened prevailing tensions. Six National Assembly members were arrested when they filed a petition with the United Nations Commission asking for the removal of the U.S. military mission from south Korea. Such papers as the *Seoul Shinmun* and the *Kukche Ilbo* were temporarily closed down. Assassinations, not uncommon in Korean history, were numerous in the south. They have claimed such notable victims as Kim Koo, former president of the exiled Korean Provisional Government, who was killed by a Korean army officer, and Mrs. Ethel Underwood, wife of a prominent American missionary, who was killed by members of the South Korean Labor party. Sporadic outbreaks of rebellion, burning of police stations, and other guerrilla activities, particularly on the island of Cheju and in the mountainous regions of the south, added to the tension. Many of these rebellions were caused by Communist agitation; some were the result of upset economic conditions and lawlessness. The price of quelling these disturbances was a further expansion of police powers.

Another important factor affecting the growth of democracy was the youth movements of south Korea. Some of these were very militant and their leadership was hardly "youthful." Some groups acted as subsidiaries to the police, particularly in disturbances such as those of the election period. Several major groups merged to form a National Youth Corps with Syngman Rhee as its titular head. It was a source of concern to some observers that this group seemed to follow closely the pattern of the Hitler Jugend.

Early in its occupation the United States Army had initiated educational reform. Western educators brought to south Korea under this program worked with Korean teachers to revise the rigid educational system imposed by the Japanese. Mass teaching of *han kul*, the native syllabary, was started; its use simplified the learning of the Korean written language, so that the literacy rate increased rapidly. According to a recent

estimate, about sixty-six per cent of all south Koreans over thirteen years of age are literate.

The south Korean press operated under an outdated press law and was subject to sweeping censorship. The *Seoul Shinmun*, the largest daily newspaper, was closed down on May 3, 1949 for failing to follow government directives and failing to print enough government press releases. It should be noted, however, that the Director of Public Information was subsequently dismissed for closing this paper, and the paper was reopened. A National Security Law passed in November 1948 made disturbance of the tranquillity of the state a criminal offense. It was reported to the United Nations Commission that 89,710 arrests were made under this law between September 4, 1948 and April 30, 1949. Of those arrested, 28,404 persons were released, 21,606 were turned over to the Prosecutor's office for further proceedings, 29,284 were transferred to a "security office," 6,985 were transferred to the military police, and 1,187 cases were pending. This rather large number of arrests gave some statistical credence to the characterization of south Korea as a "police state."

Independence Day in Korea is March 1, the anniversary of the Mansei movement of 1919. At a mass ceremony on March 1, 1950, three divergent points of view were expressed which epitomized to some extent the political tenor of the times in south Korea. President Rhee broadly hinted that, in answer to the cries of "our brothers in distress" in the north, he would strive to reunite the country by force if peaceful means were not found. The Chairman of the United Nations Commission stressed that the United Nations stood for settlement of differences by peaceful means. American Ambassador John J. Muccio warned that the United States would be deeply concerned if democratic processes were ignored in fighting Communism, or if economic problems were not attacked. Thus was summed up the dilemma of south Korea in the spring of 1950: could the nation unify itself without war, maintain democracy, and remedy its economic ills, all at the same time?

Knowledge of recent developments within north Korea was not easily obtained, for most reports were propagandistic and either violently pro-Soviet or violently anti-Soviet. But in the

field of political action some material was available for analysis. The trend to a Communist state was pronounced. The structure of the government was patterned on that of the Soviet Union, with a presidium, a cabinet, and a supreme court. The primary aim of the new regime was voiced by Kim Il-sung in his message of thanks to Premier Stalin for announcing the date of the withdrawal of Soviet occupation troops:<sup>7</sup>

In strengthening in every way the friendship with the Soviet people and in the establishment of stable political, economic and cultural relations with the Soviet Union, our people see the guarantee of their national independence, the guarantee of the success and happiness of their future independent state. . . .

At the end of 1948 the last of the Soviet forces were withdrawn from north Korea, leaving only a military training mission. On January 30, 1949 the Soviet Union officially received the first ambassador from the north Korean government. Various satellite states of the Soviet Union followed the Soviet lead in recognizing the northern Korean puppet. During 1949 and the early part of 1950, the Soviet Union made various attempts to have the northern regime recognized by the United Nations as the legal government of all Korea. The General Assembly, however, refused to recognize the northern regime or even to permit representatives of that regime to appear at its sessions.

A major function of the northern regime was to carry on activities combating those of the southern regime. There were numerous manifestoes and radio broadcasts, as well as active infiltration of saboteurs and political agents from the north down into the south. The northern regime carried on raiding maneuvers along the frontier and sponsored intrigue and subversive actions to undermine the government in the south. One very potent weapon was the practice of calling for elections or conferences to move toward the unification of Korea. The desire for unification was very strong among all Koreans, and the use of this approach by the north had a wide appeal.

North Korea faced considerable difficulties in the administra-

<sup>7</sup> Quoted by John N. Washburn in "The Soviet Press Views North Korea," *Pacific Affairs*, March 1949, p. 57.

tion of political, economic, and social life. The north Koreans were quite nationalistic; in the opinion of some observers, they were much hardier, more independent of mind, and more resistant to the ideas of Communism than the south Koreans. Technically speaking, there was no Communist party in the north, since all Communists belonged to the Labor party. The membership of the Labor party was reported to be some seven hundred thousand people. There was also a youth organization, patterned after the militant organization of the Soviet Union. Other parties existed, but these had been emasculated and it is presumed that they served largely to give an appearance of diversity of opinion. Police control was even more stringent in the north than in the south. Again the Japanese pattern was followed, though it was reported that Japanese-trained Korean police were not being used so widely. Refugees reported numerous stories of atrocities committed by police or quasi-police groups.

Conscription for the army was initiated and later continued under Russian direction. Estimates of the north Korean army early in 1950 ranged from one hundred thousand to two hundred thousand men. In the skirmishes along the 38th parallel, particularly in the area of the Ongjin peninsula in 1948 and 1949, these troops showed themselves well trained and well equipped. Their direction and equipment were mainly derived from the Soviet Union, and Soviet officers were reported in 1948 and 1949 to be in control down into the lowest echelons.

Important economic developments took place in north Korea during the period of Russian occupation. The north, as already noted, was fortunate in its resources and hydroelectric possibilities, and the Japanese had developed these resources extensively, especially in the last decade of their rule. The Russians were reported to have taken as "reparations" a part of the industrial equipment from north Korea, especially in key industries such as electric power, chemicals, and iron and steel. Some aid was given by the Soviets to help northern industry to recover from the wartime and the immediate postwar period. In February 1949 a spokesman of the Korean Democratic People's Republic announced that the objectives of its 1948 industrial production plan had been fulfilled by 105.5 per cent, and that industrial production was 320 per cent above that of 1946 and



145.5 per cent over that of 1947. (Figures for the early years, however, are not available to give the percentage increases their full meaning.)

Southern Korea and Japan had been the main prewar markets for the products of the north, but these markets were cut off by the trade barrier at the 38th parallel. To the advantage of the Soviet Union, north Korea turned to its neighbors, the Soviet maritime provinces and Communist Manchuria, for food and industrial products to supplement its own production. The integration of north Korea into the Soviet economy was furthered by the conclusion on March 21, 1949 of a ten-year agreement on economic and cultural co-operation between the two governments. Premier Kim Il-sung and various economic ministers traveled to Moscow for the drafting of this agreement, and were widely acclaimed in the Soviet press. The agreement granted "most favored nation" status to both countries on all questions of trade and navigation, and provided for the exchange of industrial and agricultural techniques and technicians.

Land redistribution, undertaken early in the Russian Occupation of the north, was a major propaganda tool. The People's Committees, when first set up, organized a system of land reform. This was very likely sponsored by the Communist members, but to a great extent it also answered the definite needs of the Korean population. The redistribution carried out in 1946 theoretically gave each north Korean farmer 12.5 acres, which he could use for his family's support. The allocations were established on a rather complicated basis and no repayment was to be made to the landlords. It was reported that over a million *cho* (one *cho* equals 2.45 acres) were confiscated and that 22,387 *cho* were given to former farm laborers, 604,407 *cho* to landless farmers, and 345,947 *cho* to owners of small plots. An important feature of the program was the vesting of the title to the land in the People's Committees, which could, if they so decided, take the land away from the peasant tiller. This was not land possession as the Korean farmer understood it; some of the favorable reactions to the land reform may therefore have faded.

An edict adopted in May 1947 stated that only twenty-three to twenty-seven per cent of the crops from the cultivated fields would be taken in taxes, as compared to the fifty per cent and more that had been taken by the landlords in the days of Japa-

nese control. Refugees from the north, however, report that in the first three years under the new system the tax collections, including surtaxes and labor requirements, amounted in value to fifty to sixty-five per cent of the crops. If these reports were correct, the farmers' position was as bad as, or worse than, during the Japanese regime. Resistance of farmers to government taxation was very widespread in the days of the Japanese, and was perhaps still an important factor in north Korea.

During the Russian occupation, Russian troops lived largely off the land, and as a consequence there was a considerable shortage of foodstuffs for the population. But the withdrawal of troops and the southward exodus of Korean refugees relieved some of the pressure. Soviet authorities stated that north Korea could feed itself. The sown area in 1948 was reported to have been 15.6 per cent greater than in 1945, and the productivity of the land was said to exceed considerably the prewar level. A two-year plan (1949-50) for the national economy envisaged a further increase in the cultivated area, higher productivity, the building of irrigation works, and an increase in the amount of livestock. The last item is important because the cattle in the areas surrounding Russian military installations were killed off in large numbers, creating a serious shortage of work animals.

In the field of social action, there were important developments in the north. The educational system and its teachers were "purged" of "reactionary" elements. All media of communication as well as textbooks were tightly controlled. Assembled of the population, street parades, and other demonstrations were often organized, and one reporter said that the streets of north Korean cities were a sign-painter's paradise with numerous placards and slogans adorning the walls. Before and during the Japanese occupation, the Christian church had grown rapidly in Korea; it was better organized in the north and had a larger proportion of Christians to the total population than in the south. With the coming of the Russians, though initially there was some suppression of religion, the government moved rather slowly against Christian influences. Church leaders were stringently controlled at the top and the churches did not take any strong and anti-Soviet or anti-Communist part. Though still held, church meetings were rather routine. The appeal to the youth of the north was mainly a Communist appeal; the membership of

the churches consisted more and more of the middle-aged or of women rather than of young men.

It was difficult to judge the trends or the effectiveness of the regime in north Korea. One possible indicant was the very large number of refugees, estimated as high as two million people, moving from north Korea into the south. There was a steady influx of such migrants, sometimes with no possessions at all, escaping from life under the Communist and Soviet-controlled republic. Many refugees were former landowners who lacked sympathy with Communist aims. Others were Christians who wished to have greater freedom of worship. Still others were driven out by the scarcity of food in the north, and attracted to the south as a land of surplus agricultural production, though the south had difficulty feeding them. This movement of people was perhaps the best illustration one could find in judging the northern regime.

# THE KOREAN CRISIS AND THE UNITED NATIONS

MIRIAM S. FARLEY



THE invasion of south Korea by north Korea on June 25, 1950 touched off the most serious international crisis since December 1941.<sup>1</sup> The events in Korea intensified the hostility between the Western and the Eastern bloc, and provided an acid test of the ability of the United Nations to maintain international security and preserve world peace.

Early in June the north Korean government had launched a propaganda campaign for formation of a unified government, excluding certain south Korean leaders. Nationwide elections, to be held in August, were first advocated; a later plan called for a joint session of the northern and southern assemblies. These proposals were denounced by south Korean government spokesmen. The United Nations Commission again offered its services to promote peaceful unification, but was once more rebuffed by north Korea.<sup>2</sup> While it had been known for some time that north Korean troops were concentrated along the 38th parallel, the attack itself came as a complete surprise.

<sup>1</sup> This chapter is largely based on articles by the present writer which appeared in the *Far Eastern Survey*, August 16 and November 22, 1950. Factual material is derived chiefly from reports in the *New York Times* and the *United Nations Bulletin*. See also *United States Policy in the Korean Crisis*, issued by the Department of State on July 21, 1950, and *Korea and the United Nations*, issued by the United Nations Department of Public Information in October 1950.

<sup>2</sup> Report of the United Nations Commission, June 26, 1950 (*New York Times*, July 22, 1950).

On receipt of the news from Korea, both the United States and the United Nations moved with unexampled speed. The first report was received in the State Department at 9.26 p.m. on June 24 (Washington time). At 3 a.m. the next morning the United States requested an immediate meeting of the Security Council, which was held that afternoon. A resolution introduced by the United States was passed by a nine-to-nothing vote,<sup>3</sup> with the U.S.S.R. absent and Yugoslavia abstaining. The resolution pronounced the north Korean attack a "breach of the peace," called on north Korea to withdraw its forces to the 38th parallel, and called on United Nations members to give the United Nations "every assistance" in the execution of the resolution and to refrain from assistance to north Korea. That evening the United States authorized General Douglas MacArthur to furnish military supplies to south Korea.

The United States' actions thus far, according to informed reports, carried out a decision made in 1949 by the National Security Council to cover the contingency of an attack upon south Korea.<sup>4</sup> A more fateful decision was taken, apparently, at a meeting of the President and high political and military advisers on the evening of June 26. At noon on the following day President Truman issued a statement saying that: "The attack upon Korea makes it plain beyond all doubt that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war." He announced that he had "ordered United States air and sea forces to give the Korean Government troops cover and support." He had also ordered the Seventh Fleet "to prevent any attack on Formosa," and called on the Chinese Nationalist government "to cease all air and sea operations against the mainland"; he added: "The Seventh Fleet will see that this is done." "The determination of the future status of Formosa," the President said, "must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations." Finally, Mr. Truman said he had ordered acceleration

<sup>3</sup> The nine were China, Cuba, Ecuador, Egypt, France, India, Norway, the United Kingdom, and the United States. Text of resolution in *Korea and the United Nations*, p. 7.

<sup>4</sup> See Joseph and Stewart Alsop in *New York Herald Tribune*, June 30, 1950.



of military aid to the Philippines and to "France and the associated States of Indo-China."

To some observers the United States action in providing armed protection to south Korea and to Formosa seemed at variance with the line of policy which had been outlined by Secretary of State Dean Acheson in his speech to the National Press Club on January 12, 1950.<sup>5</sup> Mr. Acheson had indicated a belief on the part of the American government that Chiang Kai-shek's Nationalist regime, which had retreated to Formosa, no longer enjoyed any substantial support from the Chinese people, implying that it would receive no further American military aid. He had also described the "defensive perimeter" of the United States as running from the Aleutians through Japan and the Ryukyus to the Philippines, a line that excluded both Korea and Formosa. However, Acheson had also stated that countries outside this line, if attacked, could rely on the United Nations, which had not proved "a weak reed."

Recalling earlier reports that the Army believed Korea to be indefensible in event of war with Russia, but considered Formosa vital to American security, observers speculated that both Secretary Acheson, urging armed intervention in Korea, and the military chiefs (including General MacArthur), urging defense of Formosa, seemed to have won their points. The President's action in Formosa was apparently designed, as James Reston put it, "to localize the Korean war by neutralizing Formosa, and to minimize the political opposition to the Korean action by neutralizing Senators Taft, Knowland, Smith of New Jersey and the others who had been condemning his 'hands off Formosa' policy."<sup>6</sup> While armed aid to Korea was given in support of the United Nations, the American action on Formosa was taken independently—a fact that was to cause complications later on.

The Security Council met again on June 27. By this time a report had been received from the United Nations Commission in Korea, indicating that responsibility for the attack rested on north Korea as the "South Korean forces were deployed on a wholly defensive basis." An appeal for United Nations aid, addressed to the General Assembly via the United Nations Commission, had also been received from the south Korean govern-

<sup>5</sup> Text in *Department of State Bulletin*, January 23, 1950.

<sup>6</sup> *New York Times*, July 28, 1950.

ment. At this meeting the Security Council adopted a second resolution recommending that United Nations members "furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area."<sup>7</sup> Seven members of the Council voted for the resolution and one (Yugoslavia) voted against it. India and Egypt did not participate, because their delegates had not received instructions from home, but India later (June 29) declared her support of the resolution. This resolution, though passed a few hours after the United States had acted to give armed aid to south Korea, put the authority of the United Nations clearly behind that action.

On June 30, with south Korean resistance collapsing before superior force, President Truman announced that he had authorized the use of American ground troops in Korea, as well as aerial bombardment of north Korean targets. Thus the United States was fully committed. On June 28 Prime Minister Attlee had told Parliament that British naval forces in the Far East were being placed at the disposal of the United States for use in support of the United Nations, and Australia and New Zealand had taken similar action. By a resolution of July 7 the Security Council asked the United States to set up a unified command for all forces contributed by United Nations members, which were authorized to fly the United Nations flag. On the following day the United States designated General MacArthur as United Nations commander.<sup>8</sup>

Most of the fifty-nine members of the United Nations expressed their support of the Security Council's action on Korea. Russia and her satellites expressed disapproval, as did Yugoslavia. In response to an appeal from Secretary General Lie for active aid, by September 3 sixteen countries had offered to send ground troops, naval units, or aircraft, and about a dozen others had offered other forms of aid, such as food, raw materials, and medical supplies or personnel.<sup>9</sup> Nationalist China's offer of three divisions was declined by General MacArthur on the ground that the

<sup>7</sup> Text in *Korea and the United Nations*, p. 12.

<sup>8</sup> On July 15 President Syngman Rhee placed all south Korean forces under General MacArthur's command. *United Nations Bulletin*, August 15, 1950, p. 143.

<sup>9</sup> *United Nations Bulletin*, October 1, 1950, p. 305.

troops were needed to defend Formosa; it was feared, also, that acceptance might bring in Chinese Communist troops on the other side and widen the area of conflict. By February 1951 troops of thirteen countries,<sup>10</sup> besides those of the United States and the Republic of Korea, were actually in Korea.<sup>11</sup>

Many people believed that the north Korean attack was inspired, if not ordered, by the Soviet Union. The United States, however, while denouncing north Korean aggression in the strongest terms—Secretary Acheson on June 28 called it a “cynical, brutal, naked attack”—was careful not to attribute responsibility to Russia. On June 27 Ambassador Kirk delivered a note to the Russian government asking for “an assurance that the U.S.S.R. will not take upon itself the responsibility for this unprovoked and unjustified attack and that it will use its influence with the North Korean authorities toward immediate withdrawal of their invading forces.” The Soviet reply, made public on June 29, asserted that the conflict had been provoked by an attack by troops of the south Korean government, which therefore bore the responsibility. The Soviet government stated that it “holds . . . to the principle of the inadmissibility of the interference of foreign powers in the internal affairs of Korea.”

In a note of June 29 to Secretary General Trygve Lie, Russia denied the legality of the resolution of June 27 on the ground that it lacked the votes of two permanent members of the Security Council, as required by the Charter. The votes referred to were those of Russia and China, Russia having been absent and having previously taken the position that the Nationalist government was not qualified to represent China in the Council. Later, on July 11, a second Russian note to the Secretary General protested on the same grounds against the Security Council resolution of July 7, which it called “a cloak for United States military operations in Korea, which are a direct aggression against the Korean people.” In a press release on June 30 the State Department cited precedents to show that abstention by a member of the Security Council had not in the past been con-

<sup>10</sup> Australia, Belgium, Canada, France, Greece, Luxembourg, Netherlands, New Zealand, Philippines, South Africa, Thailand, Turkey, United Kingdom.

<sup>11</sup> *New York Times*, February 26, 1951. Of the total U.N. forces in Korea at this time, the United States had supplied 48 per cent, the Republic of Korea 43 per cent, and the other thirteen countries 9 per cent.

strued as a veto, adding that voluntary absence was equivalent to abstention.

A strong move for a negotiated settlement was made by Prime Minister Nehru of India, which had striven to maintain an independent position between the two great power blocs, and which had recognized the Chinese Communist government. On July 13 Nehru addressed notes to Premier Stalin and Secretary Acheson, suggesting a mode of settlement. "India's purpose," he said, "is to localize the conflict and to facilitate an early peaceful settlement by breaking the present deadlock in the Security Council so that representatives of the People's Government of China can take a seat in the Council, the Union of Soviet Socialist Republics can return to it, and, whether within or through informal contacts outside the Council, the United States of America, the Union of Soviet Socialist Republics, and China, with the help and cooperation of other peace-loving nations, can find a basis for terminating the conflict and for a permanent solution of the Korean problem."<sup>12</sup>

Stalin replied, on July 15: "I welcome your peaceable initiative. I fully share your point of view as regards the expediency of peaceful regulation of the Korean question through the Security Council, with the obligatory participation of representatives of the five great powers, including the People's Government of China. I believe that for speedy settlement of the Korean question it would be expedient to hear in the Security Council representatives of the Korean people." Secretary Acheson, however, on July 18 replied to Nehru that: "We do not believe that the termination of the aggression from Northern Korea can be contingent in any way upon the determination of other questions." A decision on admission of Communist China, he argued, "should not be dictated by an unlawful aggression"; and he intimated that Russia could stop the war at any time by curbing north Korea. Two days later Prime Minister Attlee also expressed disapproval of the Nehru plan, Nehru, however, continued to urge his proposal.

<sup>12</sup> Before the Korean crisis began, Secretary General Lie had been trying to break the deadlock over admission of Communist China to the United Nations. In a report made public on June 6 he had expressed the view that this question must be settled before the United Nations could make progress on other outstanding problems, such as control of atomic energy, technical aid to underdeveloped areas, and measures to promote full employment.

Meanwhile, in the fighting in Korea, the invaders, who were well armed and well trained, scored great successes. Within a week the north Korean armies had overwhelmed the weaker forces of south Korea and taken the capital, Seoul. American troops from Japan, hastily thrown into the breach, and aided by south Korean units, fought a desperate delaying action against far superior numbers while awaiting reinforcements from the United States, the first of which reached Korea on July 31. The north Korean armies received some help from south Korean guerrillas. By the end of July the defenders had been pressed into the southeastern corner of Korea and held only a small area around Pusan, the main port of entry. For a time it was feared that this beachhead might be lost before forces could be assembled for a counter-attack.

Behind the invading armies came political workers to organize support among the south Korean population, most of whom are peasants. The Pyongyang radio announced that the north Korean land reform laws would be made immediately applicable in the south.

It was widely feared that the action in Korea might be the first in a series of local aggressive moves by the Soviet Union or its allies—in Indochina, Iran, Greece, Yugoslavia, or elsewhere—designed to pick up as much territory as possible while the Western powers were still in a state of military unpreparedness. Many saw a parallel with the situation in the 1930's when Nazi Germany was beginning its career of conquest. Several commentators pointed out that Russia seemed able to use her allies, as in Korea, without committing her own troops.

In a message to Congress on July 19 President Truman, in a warning clearly directed at Russia, said: "I shall not attempt to predict the course of events. But I am sure that those who have it in their power to unleash or to withhold acts of aggression must realize that new recourse to aggression in the world today might well strain to the breaking point the fabric of world peace." While majority opinion apparently supported this position, some observers argued that the United States should not make specific commitments beyond its present ability to fulfill them.

To the majority of Americans the issue at this time seemed clear. The United States was upholding the United Nations in opposing unprovoked aggression, and thus—it was hoped—nip-



ping in the bud the threat of Communist armed aggression elsewhere. Some observers pointed out that Asian support for this policy was uncertain at best, since Asians were inclined to be suspicious of American intentions. American support of the governments of Chiang Kai-shek, Syngman Rhee, and most recently, Bao Dai, had been unpopular with many in Asia, and some Asians regarded the American action in Korea as Western intervention in an Asian civil war. Some American observers, while supporting the American action, pointed out its difficulties and dangers: American troops were committed in an area previously regarded as not vital to the defense of the United States; the United States was again in the position of backing a government that enjoyed questionable popularity with its own people and with Asians generally; and reconquest of the country might meet with political and military resistance from Koreans in the south as well as in the north. Walter Lippmann even wondered whether Stalin might not be well pleased with the American insistence on a military rather than a political solution.<sup>13</sup>

Although the United States emphasized its desire to keep the war in Korea localized, the reverses in Korea brought home to Americans their country's unpreparedness for a possible general conflict. The United States government did not regard such a conflict as inevitable, but was convinced that it was possible to negotiate with the Soviet Union only on a basis of equal military strength, not potential but actual. Events in Korea spurred the United States to embark on a broad program of military and economic preparedness, while at the same time pushing efforts to rearm Europe and implement the North Atlantic Pact. President Truman told Congress on July 19: "The attack on the Republic of Korea gives added urgency to the efforts of free nations to increase and unify their common strength, in order to deter a potential aggressor."

The long-pending bill authorizing the expenditure of \$1,222,500,000 for the Mutual Defense Assistance Program was passed by the Senate on June 30 and by the House on July 19, and on July 31 the President asked for another four billion dollars for this purpose. He also asked Congress to appropriate ten-and-a-half billion dollars—about one fourth of the current national budget—for defense purposes, warning that higher

<sup>13</sup> *New York Herald Tribune*, July 27, 1950.

taxes would be required to finance the program. Finally, he requested authority to institute certain limited economic controls, adding that more thoroughgoing measures, including price control and rationing, might eventually become necessary. The program thus inaugurated was carried forward by further measures in subsequent months.

On July 27 Jacob A. Malik, Soviet representative on the Security Council, whose turn it was to serve as president of the Council in August, announced that he intended to assume his duties on August 1. Since January 13 Russia had boycotted meetings of United Nations organs in protest against their refusal to oust the representatives of Nationalist China. Under Mr. Malik's chairmanship the Council quickly reached a deadlock over a minor matter of procedure, which continued throughout the month and prevented the Council from taking any action. Instead its sessions, held in the glare of worldwide publicity, became a propaganda duel between the Soviet Union and the United States. Several private meetings, held during the month, failed to find a basis for agreement.

At the outset of the August 1 meeting Mr. Malik, as chairman, refused to recognize the representative of Nationalist China, but was overruled by a vote of three to eight.<sup>14</sup> He then proposed an agenda as follows: (1) admission of the Peking government; (2) "peaceful settlement of the Korean question." The United States insisted that the Council continue on the topic previously designated as "complaint of aggression upon the Republic of Korea." After debate, on August 3 the American proposal was adopted by a vote of eight to one.<sup>15</sup> The Russian proposal to discuss the admission of Peking was rejected by a closer vote, five to five,<sup>16</sup> and the Russian phrasing of the Korea item was rejected by three to seven.<sup>17</sup>

The agenda having been adopted, T. F. Tsiang of China called on the chairman to invite the representative of south Korea to the Council table, as had been done in previous meet-

<sup>14</sup> India, Russia and Yugoslavia voted to sustain the chairman.

<sup>15</sup> Russia voted against; India and Yugoslavia abstained.

<sup>16</sup> For: India, Norway, U.S.S.R., United Kingdom, Yugoslavia; against: China, Cuba, Ecuador, France, United States; abstaining: Egypt. A majority of seven was required for adoption of the resolution.

<sup>17</sup> For: Egypt, India, U.S.S.R.; against: China, Cuba, Ecuador, France, Norway, United Kingdom, United States; abstaining: Yugoslavia.

ings in accordance with a Council decision of June 25. Although this demand was supported by a majority of the Council members, Mr. Malik declined either to comply with the request or to put the question to a vote, and the Council remained hung up on this point for the rest of the month. Several resolutions were introduced, but more for their publicity value than in the hope of adoption.

The debates during the August meetings ranged over a wide field, but were notable chiefly for scathing critiques of the foreign policies of both the United States and the Soviet Union. While Korea was the principal topic, the Soviet Union succeeded in injecting the issue of admitting the Peking government to the United Nations, as well as the propriety of American actions affecting Formosa.

Mr. Malik denounced the United States, or rather its "ruling circles," for "acts of aggression" against the people of Korea, China, Vietnam, and the Philippines. He attempted to demonstrate that south Korea, egged on by the United States, had been the aggressor in the Korean hostilities. Contending that foreign troops were improperly intervening in the domestic affairs of Korea, he charged the United States with insisting on military measures while the U.S.S.R. stood for "peaceful settlement." The United States, he asserted, had manipulated the United Nations for its own ends, forcing "Marshallized" countries to support its design of "colonizing" Korea and other parts of Asia. He also laid before the Council protests from north Korea against the "barbarous" bombing of civilians in Korean cities by American planes. Finally, he maintained that decisions of the Council taken in the absence of a legal representative of China—that is, of the Peking government—were for that reason illegal.

Warren R. Austin, speaking for the United States, cited reports of the United Nations Commission placing the blame for aggression on north Korea, and intimated that the ultimate responsibility lay with the Soviet Union. Russia, he said, could best demonstrate the sincerity of its devotion to peace by ceasing to encourage north Korea to defy the decisions of the Security Council. He presented evidence showing that the Soviet Union was supplying arms to north Korea, a charge later denied by Malik, who said that no arms had been furnished since the withdrawal of Russian troops in 1948. Mr. Austin also stated that the

United States did not want a military base in Korea. Austin repeatedly denounced Malik's obstructive tactics, which prevented the United Nations from carrying out its proper functions. He tended to avoid the issue of admitting the Peking government, the United States having previously taken the position that this question should not be used as a bargaining point in negotiations on Korea.<sup>18</sup>

This restraint reflected American concern lest Communist China should be influenced by Russia to intervene actively in the Korean war, frankly voiced by Secretary Acheson when he said on August 30 that the United States was trying to convince Peking that this country had no aggressive intentions toward China or anyone else.<sup>19</sup> In a broadcast on September 1 President Truman said: "We do not want the fighting in Korea to expand into a general war. . . . We hope in particular that the people of China will not be misled or forced into fighting against the United Nations and against the American people, who have always been and still are their friends."<sup>20</sup> At this time the military situation in Korea was still highly critical.

In general the United States, when defending its own record and that of the United Nations on Korea, and when criticizing Russian tactics, was supported by a majority of the other members of the Council, the strongest backing coming from Sir Gladwyn Jebb of Great Britain. Britain, who had recognized the Peking government, was somewhat embarrassed by the introduction of this issue, but tended to agree with the United States that the question of admitting Communist China to the United Nations should not be linked with the question of Korea. India held with determination to a middle course, seeking repeatedly but without success to bridge the gap between the great powers. On August 13 Sir Benegal N. Rau, the Indian representative, suggested the formation of a committee of the nonpermanent members of the Council to draft a statement of "war aims"—i.e., recommendations for the settlement of the conflict and the future of

<sup>18</sup> The United States had stated earlier that it opposed the admission of the Peking government, but would accept the decision of a majority of the Security Council on the question, which it considered a procedural one not subject to the veto. (Statement by Ernest A. Gross in the Security Council, January 12, 1950, *New York Times*, January 13, 1950.)

<sup>19</sup> *New York Times*, August 31, 1950.

<sup>20</sup> *New York Times*, September 2, 1950.

Korea—but as this proposal received only lukewarm support it was never presented formally.

In September, under the chairmanship of Sir Gladwyn Jebb of Great Britain, the proceedings of the Security Council became more orderly. Four resolutions introduced in July and August were first disposed of. On September 1 a Russian proposal to invite north Korean representatives to the Council table was rejected, two to eight.<sup>21</sup> Several members<sup>22</sup> indicated willingness to hear north Korea's views, but not until after it had complied with the United Nations decision and withdrawn its troops behind the 38th parallel. On September 6 a United States resolution, calling on member states to refrain from encouraging the aggressor and from taking steps likely to widen the area of conflict, was defeated by a Soviet veto.<sup>23</sup> On the same day a Russian resolution calling for the ending of hostilities in Korea and withdrawal of foreign troops, and inviting representatives of the Peking and north Korean governments to take part in the discussion, was defeated, one to eight.<sup>24</sup> A Russian resolution condemning the United States for bombing civilians was rejected on September 7 by one to nine.

The possibility of complications involving China was underlined when on August 28 the Peking government protested to the United Nations Secretary General that on the previous day American planes had strafed certain targets in China near the Korean border, with some damage and loss of life. This matter was brought up in the Security Council by Mr. Malik, who introduced a resolution condemning the United States. Mr. Austin stated that if an accidental violation of Chinese territory had occurred, which was possible, the United States would make good the damage.<sup>25</sup> He proposed that a United Nations commission, drawn from India and Sweden, investigate on the spot to ascertain the facts, thus challenging Peking to accept an impartial commission. The Peking radio rejected this idea, and the proposal was defeated on September 7 by a Soviet veto, al-

<sup>21</sup> Russia and Yugoslavia voted for the resolution; Egypt abstained.

<sup>22</sup> Including India, France, and Ecuador.

<sup>23</sup> The vote was 9 to 1, with Yugoslavia abstaining.

<sup>24</sup> Egypt and Yugoslavia abstaining.

<sup>25</sup> On October 3 Mr. Austin confirmed the fact of an accidental attack on August 27, while denying several other similar incidents charged by Peking.



though it received seven votes.<sup>26</sup> The Russian resolution was rejected by one to eight.<sup>27</sup> Chief interest in this minor incident centered on the Russian proposal to invite the Peking government to take part in discussion of the question, as demanded by the Chinese Communist Foreign Minister, Chou En-lai. This was opposed by the United States as an attempt to get Peking into the United Nations by the back door, and failed to gain a majority of seven.<sup>28</sup>

A much more serious issue affecting China, indirectly connected with the hostilities in Korea, was that of Formosa. The American action in sending a fleet to Formosa, for the announced purpose of neutralizing the island and preventing the spread of hostilities in Asia, had precipitated a worldwide debate. Although, in the absence of a peace treaty, Formosa was still technically a Japanese possession, China's claim to the island had been recognized at Cairo and Potsdam. But that claim was now asserted by two rival governments. Suggestions were heard for compromising the question, temporarily at least, by placing the island under a United Nations trusteeship, possibly with the United States as trustee. President Truman, however, in his message to Congress on July 19, stated that "the United States has no territorial ambitions whatever regarding the island, nor do we seek for ourselves any special position or privilege on Formosa. The present military neutralization of Formosa is without prejudice to political questions affecting that island."

The issue was complicated by a sharp divergence of views within the United States on the strategic importance of Formosa to this country. General MacArthur, in a message to the Veterans of Foreign Wars published on August 27, asserted that Formosa was vital to American security. This statement was repudiated by President Truman. Reports following Mr. Truman's meeting with General MacArthur on Wake Island on October 15 appeared to indicate that the General had accepted the President's view.

Finally, the American action with regard to Formosa had

<sup>26</sup> India and Yugoslavia abstained and China did not participate.

<sup>27</sup> Yugoslavia abstained and China did not participate.

<sup>28</sup> For: France, India, Norway, U.S.S.R., United Kingdom, Yugoslavia; against: China, Cuba, United States; abstaining: Ecuador, Egypt.

aroused sharp criticism abroad, especially in Great Britain, where it was feared that the American move would lead to war between the United States and Communist China. Demands were heard in Britain that the British government state clearly that it would not support the United States in such an enterprise, which, it was argued, might lead to all of southern Asia being overrun by Communists.<sup>29</sup> India also viewed with concern the American action in Formosa. Foreign apprehensions were intensified by General MacArthur's visit to Formosa on August 1, to inspect the island's defenses, during which he issued a statement praising Chiang Kai-shek's "indomitable determination to resist Communist domination."<sup>30</sup> His visit, together with statements by certain prominent Americans, including members of Congress, stimulated Chinese Nationalist hopes of American aid in effecting the reconquest of the Chinese mainland.

As early as June 29 the Chinese Communists had denounced the American moves in both Korea and Formosa as "aggression," reiterating their determination to "liberate" Formosa. On August 24 the Peking government presented a formal complaint to the United Nations charging the United States with "direct armed aggression on the territory of China." While rejecting the charge, and reiterating that the United States sought no advantages for itself in Formosa, the American delegate, Mr. Austin, stated on August 25 that the United States would welcome consideration of the matter by the United Nations. This was interpreted by some observers not only as designed to emphasize the American willingness to accept a United Nations decision on a question in which it had an interest, but also as an effort by the Administration to escape from domestic political difficulties—with an election impending—by placing the responsibility for the disposition of Formosa on the United Nations.<sup>31</sup>

The Peking complaint was admitted to the Security Council agenda on August 29. Again Russia proposed that representa-

<sup>29</sup> According to unconfirmed reports, the British government during the summer did communicate some such views privately to the American government.

<sup>30</sup> *New York Times*, August 1, 1950.

<sup>31</sup> Some observers had in fact interpreted President Truman's statement of June 27 on Formosa as an indirect invitation to Peking to submit its claim to Formosa to the United Nations.

tives of Peking be invited to take part in the discussion; this was rejected by a tie vote, four to four.<sup>32</sup> The British and French delegates explained that they favored inviting Peking, but not at this time. Later, indeed (on September 29), the Council decided to defer discussion of the Peking complaint regarding Formosa until after November 15—a week after the American election—but to invite a representative of Peking to attend at that time. The vote on this resolution, introduced by Ecuador, was seven to three.<sup>33</sup> A Russian proposal to invite Peking representatives “to attend meetings of the Security Council” failed by one vote to obtain a majority of seven.<sup>34</sup> After some uncertainty as to its intentions, the Peking government announced on October 24 that it was sending a delegation to the Security Council in November.

A new phase of the Korean crisis opened in mid-September. It had become obvious that, in the absence of a will to agreement on the part of the great powers, use of the veto would prevent the Security Council from taking further action to settle the affairs of Korea. Attention therefore shifted to the General Assembly, which began its annual session on September 19. While the decisions of the Assembly, unlike those of the Security Council, were not legally binding, they nevertheless carried great weight, and they were not hampered by the veto.

At the same time the military situation altered rapidly with the landing of United Nations troops at Inchon on September 15, followed by the capture of Seoul on September 25. South Korean troops crossed the 38th parallel on October 1, and were later followed by other United Nations forces. By the latter part of October the north Korean forces had suffered a severe defeat, and although resistance continued in the extreme north, United Nations troops seemed to be well on the way to controlling all or nearly all of Korea.

The abrupt turn of the military tide after September 15 at

<sup>32</sup> For: India, Norway, U.S.S.R., Yugoslavia; against: China, Cuba, Ecuador, United States; abstaining: Egypt, France, United Kingdom.

<sup>33</sup> China, Cuba and the United States cast negative votes, while Egypt abstained. China's claim that its vote constituted a veto was rejected by the Council, which decided, 9 to 1 (Cuba abstaining), that the question was procedural.

<sup>34</sup> For: France, India, Norway, U.S.S.R., United Kingdom, Yugoslavia; against: China, Cuba, United States; abstaining: Egypt, Ecuador.

once raised the question whether United Nations forces should continue their advance beyond the 38th parallel. India in particular felt that, the original aggression having been repelled, a negotiated peace was preferable to a total victory, and urged that the United Nations forces should at least pause at the boundary and attempt to negotiate with the north Koreans before proceeding to occupy the north. India, who was in close touch with Peking, warned that crossing the parallel might precipitate Chinese intervention in the war.<sup>35</sup> Others also feared that China might intervene, either because of apprehension at the presence near her borders of what she considered hostile troops, or because of prompting from Russia, who, it was said, could not accept the loss of prestige involved in having one of her satellites destroyed. On the other hand it was argued that halting at the parallel would enable the forces of aggression to regroup for a new attack; that American public opinion demanded that the initial defeat be wiped out; and that occupation of the north was necessary in order to carry out the original United Nations aim of setting up a unified, independent Korea. There was also some uncertainty as to whether the Security Council's resolutions of June and July authorized the crossing of the parallel. Further action by the United Nations seemed imperative to clear up all these uncertainties.

Moreover, until the middle of September it had been difficult for the United Nations to give attention to the problem of what to do in Korea when the fighting stopped. The critical military situation made it uncertain what measures could be carried out, and the absence of agreement among the great powers prevented the Security Council from formulating a policy. The turn of the military tide in mid-September, coinciding with the opening of the General Assembly, made it both possible and urgent to consider the next steps.

Hasty consultations among United Nations delegates of various countries, led by Great Britain, finally produced a resolution sponsored by eight powers,<sup>36</sup> and submitted to the Political Committee of the General Assembly on September 30.

<sup>35</sup> On September 30 the Peking Foreign Minister, Chou En-lai, warned that China would "not stand aside" if her neighbor, north Korea, were invaded by "imperialists." *New York Times*, October 2, 1950.

<sup>36</sup> Australia, Brazil, Cuba, Netherlands, Norway, Pakistan, Philippines, and United Kingdom. Text in *New York Times*, October 5, 1950.

This resolution by implication sanctioned the crossing of the parallel, since it called for steps "to ensure conditions of stability throughout Korea," and defined the United Nations objective as "the establishment of a unified, independent and democratic government" in Korea. The holding of elections was mentioned but it was not specified whether they should be countrywide. The resolution further provided for: withdrawal of United Nations forces as soon as the objectives stated above had been attained; establishment of a United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK) to execute these recommendations in Korea; and, pending the formation of this commission, immediate establishment of a United Nations Interim Commission on Korea, composed of delegates to the United Nations of countries represented on UNCURK. It also requested the Economic and Social Council to prepare plans for relief and rehabilitation in Korea. This resolution was adopted by the Political Committee on October 4 and by the General Assembly on October 7, in both cases by a vote of forty-seven to five.

South Korean troops had crossed the parallel on October 1, and subsequently advanced some distance up the east coast. Other United Nations forces remained below the parallel, while General MacArthur called on the north Koreans to surrender. On October 9 MacArthur repeated this demand, at the same time notifying the north Koreans of the terms of the Assembly's resolution, and on the same day United States forces crossed the parallel.

An alternative resolution was presented to the Assembly by five powers led by Russia. This outlined somewhat similar objectives but proposed different methods of reaching them. It called for cessation of hostilities, immediate withdrawal of foreign troops, and an interim government chosen by a joint session of the north and south Korean legislatures, which would conduct nationwide elections for a new assembly to form a permanent government. The elections would be observed by a United Nations commission including Russia and China (the Peking government). The resolution also called on the Economic and Social Council to plan relief measures, in consultation with Korean representatives. This resolution was defeated in the Political Committee by a vote of five to forty-six. An Indian proposal



to appoint a subcommittee to consider all plans for the future of Korea—another attempt to reconcile the views of the great powers—was also defeated in the committee, by twenty-four to thirty-two.

The Interim Commission was composed of seven members—Australia, Chile, the Netherlands, Pakistan, the Philippines, Thailand, and Turkey—all small powers, and four of them Asian countries. It had been hoped to include India, but the Indian government could not be prevailed upon to approve the eight-power resolution defining the commission's terms of reference.

The commission held its first meeting on October 10, and on October 12 it adopted a resolution of great political importance,<sup>37</sup> stating that the authority of the Republic of Korea (the south Korean government) was limited to south Korea. It provided that civil affairs in north Korea should be handled temporarily by the United Nations command, using officers chosen from various countries. This resolution was immediately challenged by the south Korean government, which claimed jurisdiction over the entire country. President Syngman Rhee and other south Korean officials continued to assert their determination to establish their authority in north Korea, at the same time stating that they would co-operate fully with the decisions of the United Nations.

The Interim Commission's position was based in part on the Assembly resolution of December 12, 1948, declaring that the south Korean government was "a lawful government . . . based on elections which were a valid expression of the free will of the electorate of that part of Korea" which the Temporary Commission had been able to observe. The same resolution, as south Korean spokesmen pointed out, referred to the south Korean government as the only lawful government in Korea. The Interim Commission's decision, however, was not based solely on its interpretation of the documentary record. It derived also from doubts entertained by some members of the commission regarding the competence of the south Korean government, the degree to which it enjoyed the confidence of the people of south Korea, and the degree to which it was likely to command confidence in the north. In the spring of 1950 the south Korean regime had been publicly rebuked by United States Ambassador

<sup>37</sup> Text in *New York Times*, October 14, 1950.

John J. Muccio, Ambassador Philip C. Jessup, and Secretary of State Dean Acheson for both financial and political irresponsibility, and in the election of May 1950 President Rhee's party had won only a handful of seats in the national legislature. But the latest report of the old United Nations Commission on Korea, which had been observing conditions on the spot, presented a favorable picture of the south Korean government's record. The May election, it said, "showed popular support of the Republic, and a determination to improve the administration by constitutional means."<sup>38</sup> The United States government also defended the south Korean regime, but on October 6 Mr. Austin told the Interim Commission that the United States did not intend to impose the south Korean government on the north Koreans, and the United States accepted the commission's decision of October 12.

One question at issue was that of elections to be held after order was restored. The Republic of Korea maintained that elections should be held in the north only, for the purpose of filling the one hundred seats in the national legislature which had been reserved for north Korea under the south Korean constitution; but there was some sentiment in the United Nations for countrywide elections. Opinion in the Interim Commission was apparently divided. A more pressing question was that of local administration in the newly occupied territory in north Korea. President Rhee's government had claimed the right to set up such local governments, while the Interim Commission had entrusted the responsibility to the United Nations command. On October 19 the Interim Commission, noting reports that the south Korean government was sending officials to north Korea, asked General MacArthur what was being done to implement its decision of October 12. Three days later, press reports from Lake Success stated that General MacArthur would support the United Nations policy but was expected to work amicably with President Rhee. Mr. Rhee stated on October 30 that if any officials appointed by his government to serve in north Korea went above the 38th parallel they would do so as private citizens on their own responsibility.

At stake in this matter were not only questions of power and prestige in Korean politics, but also important issues of policy.

<sup>38</sup> *United Nations Bulletin*, October 1, 1950, p. 304.

For five years the two parts of Korea had been exposed to very different influences, and the task of cementing them together to form a stable society and government was one of extreme difficulty. Yet unless this task were accomplished eventually, the new state would be vulnerable to disruptive influences from within and without. In more immediate terms, unless the people of north Korea on the whole acquiesced in the change of government, guerrilla resistance was likely to continue indefinitely, retarding if not preventing national reconstruction; and under such conditions Korea would continue to be a dangerous source of international tension.

On October 13 the United States outlined to the Interim Commission its views on policies to be followed in north Korea. It envisaged political reorganization in three stages, all under United Nations auspices. In the first, considerations of military security would be paramount; in the second, as peace was restored, emphasis would shift to encouraging normal political life; in the third, after United Nations-supervised elections, a unified government would be formed and most United Nations troops would leave the country. The United States recommended that, until elections had been held, as few changes as possible should be made in existing arrangements. In the American view, the land reforms and other economic measures of the Communist regime should be left alone, until the Koreans themselves could decide what changes they wished to make. North Koreans charged with atrocities should be tried by an appropriate tribunal, but reprisals should not be taken against north Koreans merely because they had served the Communist government or belonged to any political party.

President Rhee also announced a lenient policy, except toward Communists, but reports from reoccupied south Korea stated that thousands were being arrested and hundreds executed for political offenses. In the matter of land reform, President Rhee stated that land which had been confiscated from landlords and given to peasants would be returned to the landlords, but that tenants would be aided in buying land and absentee ownership would not be permitted.<sup>39</sup>

Devastated Korea presented a serious problem of relief and rehabilitation. Three million people were homeless, according

<sup>39</sup> *Christian Science Monitor*, October 18, 1950.

to Foreign Minister Ben C. Limb, and food and clothing were scarce. Moreover, said Mr. Limb, "practically every important Korean city, north and south, is either badly damaged or wholly smashed. Our industries are ruined."<sup>40</sup> Preliminary estimates of the sums needed varied widely. The United Nations command estimated that \$364,000,000 would be required to the end of 1951, while the south Korean government asked \$680,000,000 for the same period, and two billion dollars over a period of five and a half years.

On July 31—just before Mr. Malik took over—the Security Council had taken a preliminary step, asking the United Nations command to estimate relief requirements, and calling on all United Nations agencies to provide assistance. The task of drafting specific plans and policies was entrusted by the Assembly to the Economic and Social Council, which on November 7 adopted a plan jointly sponsored by the United States and Australia. This called for establishment of a United Nations Reconstruction Agency headed by an Agent General responsible to the General Assembly, aided by an advisory committee representing five governments, and working in consultation with UNCURK. The question of financing was put up to the General Assembly. The drafting committee's discussion of relief policies revealed concern over ensuring that the Korean authorities should establish sound fiscal policies and control measures to prevent waste and inflation in the administration of relief.

The General Assembly also considered the question of Formosa, and the question of admitting Communist China to the United Nations, which, of course, were closely connected. India still maintained that the admission of Communist China was a prerequisite to a satisfactory solution of the Korean conflict. At the opening of the General Assembly on September 19 India introduced a resolution to seat representatives of the Peking government, while Russia proposed expelling the Nationalist delegates. The Indian resolution was rejected by a vote of sixteen to thirty-three, and the Russian resolution by ten to thirty-eight, but a Canadian proposal to refer the question of Chinese representation to a special committee was adopted, forty-two to nine.

A Russian complaint of United States aggression against

<sup>40</sup> *New York Times*, September 28, 1950.

China in Formosa and Manchuria was also placed on the agenda of the General Assembly, on September 22, and referred to the Special Political Committee. On October 5, at the instance of the United States, the whole question of the future status of Formosa was put on the Assembly's agenda (over both Russian and Chinese Nationalist objections), and referred to the Political Committee. In a press interview on the previous day Secretary Acheson had informally suggested a United Nations commission to investigate on the spot, consulting with Nationalists, Communists, and Formosans, and reporting to the Assembly next year. But when, on October 17, the Peking government in a message to the United Nations challenged its right to discuss the political status of Formosa, it seemed clear that Communist co-operation in such a plan would not be forthcoming.

The wider international repercussions of the Korean crisis were reflected in the resolutions adopted by the General Assembly on November 3, which on the one hand set up machinery by which the Assembly could deal promptly with future cases of aggression if action by the Security Council were blocked by the veto, and on the other hand requested the Big Five to consult together in a new effort to resolve their differences. Early in November it appeared that vigorous action by the United Nations to check aggression in Korea had strengthened the principle of collective security.

*Supplementary Note, February 22, 1951*

Events took a much graver turn in November 1950 with the intervention of Communist China in the Korean war, which raised once more the possibility that hostilities might spread beyond Korea. Apparently some Chinese Communist troops had entered Korea late in October, but their presence was not officially confirmed by General MacArthur until November 5. The intervention was at first on a limited scale, and as the United Nations forces did not immediately attempt to occupy the strip of territory which remained between them and the Chinese border, a comparative lull in the fighting ensued. During this period the Chinese Communist government was demanding the withdrawal of all foreign troops from Korea, while American



and United Nations spokesmen sought to assure Peking that the United Nations forces entertained no hostile intentions toward China, and that legitimate Chinese interests in Korea (such as the Yalu River electric power system, which supplied power to parts of Manchuria) would be respected. Proposals for establishing a neutral zone inside the boundary were discussed at Lake Success.

On November 24 Mr. Wu Hsiu-chuan arrived in New York to represent the Peking government in the discussions of the Security Council. On the same day General MacArthur launched an offensive in northern Korea. The Chinese Communists responded by intervention on a large scale, creating a situation that General MacArthur called "an entirely new war." The Chinese succeeded in driving the United Nations forces to a point a short distance below the 38th parallel, where, by mid-February, military operations seemed to have reached a temporary stalemate.

Meanwhile opinions were divided in the United Nations as to how to meet the new situation. The United States urged that Communist China be condemned as an aggressor, while a group of Asian and Arab countries, led by India, sought desperately to arrange a cease-fire as a prelude to negotiations. From a welter of diplomatic statements it eventually appeared that Peking might agree to withdraw its troops from Korea on condition of (1) withdrawal of all other foreign forces from Korea, (2) withdrawal of American forces from Formosa and adjacent waters, (3) seating the Peking government in the United Nations. Attempts to reach an agreement with the Chinese Communist government, or at least to arrange for direct negotiations, were continued after Mr. Wu's departure from New York on December 19, but were unsuccessful.

A resolution calling for a cease-fire was passed by the General Assembly on December 14, and another cease-fire proposal was adopted by the Political Committee on January 13, 1951. Peking's reply to this was described by Secretary of State Acheson as a complete rejection, but Sir Benegal N. Rau of India thought it left room for further negotiation. India reported that Peking would discuss a cease-fire under certain conditions, which were judged unacceptable, and on February 1 the Assembly

adopted, forty-four to seven, a resolution calling Communist China an aggressor.<sup>41</sup> The resolution provided for a committee to consider collective measures against the aggressors in Korea, and another committee to continue to seek a peaceful settlement.

The new crisis precipitated by the Chinese intervention revealed serious differences of opinion among the members of the United Nations, not so much on fundamental principles as on political strategy. The United States held that the record should be kept clear; aggression should be branded as aggression; the United Nations should firmly resist aggression even if, in the given case, military victory could not be assured. American policy was to avoid a war with Communist China but to enforce economic sanctions against her and to continue to wage at least a war of attrition in Korea. The Asian-Arab bloc, led by India, favored continued efforts for a cease-fire and a negotiated settlement. Great Britain took a middle course, agreeing to a moral condemnation of Chinese aggression but opposing sanctions, which the British feared might lead to war between China and the United Nations powers and perhaps to general war.

Behind these differences lay many others, such as the difference between American and Asian attitudes toward the problem of Communism, the difference between American and British views on the possibility of detaching Communist China from the Soviet bloc, and the fears of European countries that American concentration on Asia would leave them undefended in case of Russian attack. Moreover, in many countries of Europe and Asia it was believed, rightly or wrongly, that American policy in the Korean crisis had at times been precipitate and injudicious, failing to evaluate the situation correctly and to give sufficient weight to the views of friends. The United States government therefore found it necessary to move with circumspection in order to preserve the unity of the non-Communist countries. It remained firmly convinced, however, that successful negotiations with Russia could be conducted, if at all, only on the

<sup>41</sup> Text in *United Nations Bulletin*, February 15, 1951, p. 151. Burma, Byelorussia, Czechoslovakia, India, Poland, the Ukraine, and the U.S.S.R. voted against; Afghanistan, Egypt, Indonesia, Pakistan, Saudi Arabia, Sweden, Syria, Yemen, and Yugoslavia abstained.

basis of equal military strength. Until such equality had been attained, in the American view, the only hope of preserving collective security against Communist aggression lay in taking a firm stand, thereby warning potential aggressors and implanting confidence in potential victims. Meanwhile the United States sought to build "situations of strength" in the non-Communist world.

By midwinter of 1951, neither force nor diplomacy had succeeded in restoring international peace and security in the Pacific area, and observers differed as to whether the prestige of the United Nations had been strengthened or weakened by events since June 1950. Some, taking a longer view, reflected that both the United Nations' successes and its failures, both correct decisions and errors of judgment, provided the nations of the world with the kind of experience from which, given the will to do so, they might eventually learn how to make collective security work.

# JAPAN

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IN the scant century of its modern history Japan has accomplished three major tasks: its transformation from an isolated feudal society into a modern, strongly centralized nation-state; the construction of an industrial base for its economy; and the achievement of a position as a world power. After its defeat in World War II, Japan undertook a fourth great task—to reorient and reconstruct many of its political, economic, and social attitudes and institutions in order to create a Japanese form of democracy.

It is against the background of Japan's past accomplishments that the problem of the occupation of Japan and the country's reorientation must be considered. What Japan achieved between the opening of the country to foreign influences in 1854 and its defeat in 1945 clearly reveals the capabilities of Japanese society and leadership for both good and evil. No other purely Asian country has yet succeeded in developing a modern society, and no Western society has telescoped to the same extent the vast changes involved.

Detailed analysis of modern Japanese history would reveal two striking processes: first, the manner in which broad social and cultural change was held to a minimum in the midst of maximum changes in the material aspects of Japanese life during the process of modernization; and second, the great impetus given to the process of modernization by the fact that it was planned by Japan's leaders, accepted as desirable by the people, and striven for willingly and wholeheartedly.

In the mid-nineteenth century industrial and military modernization seemed the only means by which Japan—undeveloped and weak by Western standards—could defend itself against the

threat of Western aggression exemplified in the growing encroachment of the powers on China. To Japan modernization meant national security, not simply abstract political reform and economic and social progress. In the long run successful modernization led to the adoption of an aggressive Japanese foreign policy based on the use of force as a means of pursuing national goals in international affairs. This happened not only because Japan had emerged into a world that, at the end of the nineteenth century, was largely operating on the belief that might constituted right in international relations, but also because the traditions of Japanese society and especially of its leading elements sanctioned the use of military force.

To attempt to determine why cultural and social change did not keep pace with material change in modern Japan is a task far beyond the scope of this account. However, it is possible to offer a few tentative explanations. First, there is the obvious fact of the slowness of social change in any long-established society. Second, the Japanese government and leaders were aware—because of what they had seen of the West—that industrialization brings with it far-reaching changes in the noneconomic sphere. This awareness naturally facilitated the control of social change. Thirdly, many factors in Japan's pre-modern society and culture (for example, the traditional family organization, the belief in the emperor system, the lack of democratic concepts, and the acceptance of the idea of authoritarian government) were ideally adapted to the requirements of Japan's emerging national society—technically modernized but only slightly changed in culture and social structure.

The usual slowness of social change and the attitude of both leaders and people toward broad social alterations are of crucial importance in understanding occupied Japan. One of the great unknowns of the occupation is the degree to which the Japanese leaders and people regard the goals of the occupation as desirable. If they actually consider these goals desirable, the major battle for the democratic reform of Japanese society, politics, and economic life has been won. If they do not, the success of the occupation may be considered very doubtful. It must be noted that Japan's previous accomplishments were due in no small part to the fact that both its goals and the means to achieve them were chosen from within Japanese society; since



the surrender in 1945 both the goals and the means have been chosen by elements outside Japanese society.

In August 1945, when the war came to an end, Japan's position was dark, but not completely hopeless. It had escaped the devastation of a military invasion, and its government, unlike that of Germany, was relatively intact. The United States decided to maintain the Japanese government, to make it responsible for the administration, and to set up merely a top-level policy control of the country. This decision was the only one possible, for there were far too few Americans who knew either Japan or its language well enough to operate a direct American military government effectively for even a limited period. Thus the Japanese have been responsible for their own government throughout the occupation. As a result, although the occupation has forced many policies on the Japanese authorities, the latter have been able to temper, at least in part, the impact on Japanese society.

In legal form the occupation is international; in practice it has been carried out by the United States acting on a virtually independent basis, but within the framework of international agreements. The top-level international policy-making body is the Far Eastern Commission, established by the conference of Foreign Ministers at Moscow in December 1945. The Commission sits in Washington, D.C., and consists of representatives of the U.S.S.R., United Kingdom, United States, China, France, Netherlands, Canada, Australia, New Zealand, India, the Philippine Republic, Pakistan, and Burma, all of which either played a major role in the war against Japan or have a major interest in Japan's future role in Asia and the Pacific.<sup>1</sup>

The Far Eastern Commission has two main responsibilities: to "formulate the policies, principles and standards" by means of which Japan can fulfill its obligations under the surrender terms; and, at the request of any member, to review any directive or action of the Supreme Commander for the Allied Powers involving policy decisions. In fact, the Commission's role has been a minor one. The dominant position of the United States in Japan; the comprehensiveness and excellence of the initial and basic American policy for Japan; the distance of the Commission

<sup>1</sup> At the time of its establishment, the Far Eastern Commission contained eleven members. Pakistan and Burma were added later.

from the scene and its consequent lack of familiarity and contact with the problems of the occupation; and the general disagreement between the United States and the U.S.S.R. have made it impossible for the Commission to function effectively. Although it has made many policy decisions, all have fallen within the framework of previously announced American policy or have confirmed actions already taken.

The second international body concerned with the occupation is the Allied Council for Japan, also set up at the Moscow conference of December 1945. Its four members represent the United States, the U.S.S.R., China, and a Commonwealth group composed of the United Kingdom, Australia, New Zealand, India, and Pakistan. The Supreme Commander (or his deputy) is the American member, who also serves as chairman. The Council sits in Tokyo for the purpose of "consulting with and advising the Supreme Commander" on the implementation of the terms of surrender, the occupation and control of Japan, and the occupation directives. The Supreme Commander, however, is the sole executive authority for the Allied Powers, and his decisions on matters of substance are controlling.

Since its first session in April 1946, the Allied Council has been worse than impotent. At the initial meetings General MacArthur, through his deputies, made it clear that he would tolerate no interference from the Council. As a result, its activities have consisted of little more than a series of acrimonious and unedifying quarrels between the American and Soviet members. The United States has used the Council primarily as a means of attacking Communism and the Soviet failure to repatriate all Japanese nationals under its control; the U.S.S.R. has used it primarily to attack American policy in Japan.

In addition, these two Allied bodies have failed to contribute significantly to the occupation because, in the agreement setting up the Far Eastern Commission and the Allied Council, the United States obtained a dominant position in the occupation. The United States government, for example, is the only channel through which the Far Eastern Commission can communicate its decisions to the Supreme Commander in Japan. Washington is also empowered to issue interim directives "whenever urgent matters arise not covered by policies already formulated" by the Far Eastern Commission. These provisions allowed unilateral

American action in the event that the situation seemed to require it. It was also made clear that the Supreme Commander was the sole authority for the administration of the occupation, and consequently free from any external administrative (as distinct from policy) controls.

General of the Army Douglas MacArthur, commander-in-chief of the major American land forces in action against the Japanese at the end of the war, was designated Supreme Commander for the Allied Powers by the Allies in August 1945. His title, abbreviated to SCAP, is also popularly used to designate that part of his general headquarters which is responsible for the direction of the occupation. A separate chain of command, also leading to General MacArthur, controls American tactical troops in Japan. Until 1949 Civil Affairs teams were responsible for the administration of Allied policy and for liaison with Japanese government officials on the prefectural level (roughly the equivalent of the state in the United States). In that year the teams were dissolved, and remaining military government affairs were transferred from the control of tactical forces to that of the general headquarters of the Supreme Commander.

The dominant American role was a natural consequence of military developments in the Pacific. When the war ended abruptly the United States was the only power that had available both the military forces for an occupation and the transport facilities to get them into Japan with minimum delay. No other power has shared equally with the United States the physical responsibility of the occupation, although British Commonwealth forces did occupy a relatively small area in western Japan for several years.

Not only was the United States physically prepared to inaugurate the occupation, but it was also the only Allied power in a position to enunciate a policy for the occupation. At the end of August 1945 a joint committee composed of representatives of the State, War, and Navy Departments completed the basic policy document of the occupation, entitled "United States Initial Post-Surrender Policy for Japan."<sup>2</sup> With minor changes, this was later approved by the Far Eastern Commission, in

<sup>2</sup> For this text see Department of State: *Occupation of Japan: Policy and Progress*, Appendix 13.

June 1947.<sup>3</sup> (The Potsdam Declaration of July 26, 1945, initially issued in the names of the American, British, and Chinese governments and later adhered to by the Soviet government, is considered the legal foundation for the occupation. But the initial American policy statement went into far more detail.)

The policy was designed to achieve two major objectives: to insure that Japan would not again threaten the peace and security of the world, and to "bring about the eventual establishment of a peaceful and responsible government" in Japan which would "conform as closely as may be to principles of democratic self-government." These two objectives were to be achieved by the following means: (1) limiting Japanese sovereignty to the home islands of Honshu, Hokkaido, Kyushu, and Shikoku, and "such minor outlying islands as may be determined"; (2) effecting Japan's complete disarmament and demilitarization, including the elimination of the authority of the militarists and the influence of militarism from Japanese life, and the suppression of militaristic and aggressive institutions; (3) encouraging the Japanese to desire "individual liberties," respect "fundamental human rights," and form "democratic and representative organizations"; and (4) affording the Japanese the opportunity to develop "an economy which will permit the peacetime requirements of the population to be met." The directive attempted to provide a broad social, political, and economic foundation for the establishment of a democratic order in Japan. Nothing of major importance was omitted from it.

It is virtually impossible to chart a meaningful chronology of the implementation of this policy. The process of reform, reconstruction, and reorientation is complex and must be regarded as a continuous flow. Consequently, although it is possible to give dates for the initiation of policies, it is extremely difficult to evaluate their development at specific intervals. Yet, certain broad trends in the occupation are observable.

The period from September 1945 to November 3, 1946, the date on which the new Constitution was promulgated (although it did not go into effect until May 1947), was one of maximum

<sup>3</sup> For this text see Department of State: *Activities of the Far Eastern Commission: Report of the Secretary-General, February 20, 1946-July 10, 1947*, Appendix 5.

political reform, instituted by the occupation and launched primarily by directives to the Japanese government. Disarmament and demilitarization were also carried out during this phase. This was the period in which the greatest degree of overt direction from the occupation was considered necessary. Since that time SCAP has adhered fairly closely to a policy of advice and guidance in political matters—an approach based on the belief that, following the period of major reform, the Japanese should be given every opportunity to work out their own solutions to political and governmental problems. The occupation followed the same general pattern in the field of social reform with regard to such problems as the emancipation of women and changes in the educational system.

Throughout it has been the United States that has determined the development and shifts of emphasis of occupation policy and its implementation. Consequently, the impact of the occupation on Japan has been influenced by considerations not always directly related to the Japanese problem itself.

It was natural that the occupation's first year should emphasize action against the individuals, organizations, and political and economic institutions considered to have been most directly involved in either planning for or carrying on the war. That this year was also one of major reform resulted from American eagerness to introduce into Japan reforms designed to lead the defeated enemy away from aggression and toward peace and democracy. In this semipunitive period, although the occupation inaugurated a program of economic relief to combat "disease and unrest," minimum attention was paid to questions of economic reconstruction. The victorious United States felt little direct concern at the economic difficulties of a defeated Japan: the responsibility for economic reconstruction was held to be Japan's alone, since it was Japan's aggressive policies that had led to defeat and devastation.

As time went on, however, the Japanese economy became an ever more apparent burden on the United States government and ultimately on the American taxpayer. Consequently, the failure of the Japanese to effect a speedy revival of their economy became a matter of major concern to the American government. In 1947 American policy began to encourage the rapid rebuilding of Japanese foreign trade. In 1948, when the Japanese govern-



ment continued to show either reluctance or inability to concentrate its energies effectively on economic reconstruction, the United States inaugurated a far-reaching Economic Stabilization Program.

The United States proposal in 1947 for a preliminary Allied meeting on a Japanese peace treaty indicated in part the American desire to be relieved of the burden of maintaining the expensive occupation for an indefinite period. The failure of this proposal undoubtedly lay behind the American decision to return to Japanese hands many governmental powers previously withheld. The new policy included American attempts to reintegrate Japan into international activities as much as possible, even without a peace treaty. For if Japan exercised, in fact, many of the powers of an independent nation, some of the wartime Allies would undoubtedly be more willing to negotiate a peace treaty.

The stability of the Japanese government, its anti-Communist attitude and the pro-American sentiment of both the government and the people strengthened the American feeling that a peace treaty with Japan, even without the adherence of some of Japan's enemies, should be concluded as rapidly as possible. Japan seemed the one firm anti-Communist bastion in all the Far East. The steadily worsening international situation also made it imperative that the United States regularize the status of its military and naval bases in Japan. The former Japanese naval base, Yokosuka, has been developed under American control, and American air bases have been constructed in Japan. While the construction of these bases might be considered part of the tactical military aspect of the occupation, their potential usefulness to the United States and its allies in the event of a third world war is obvious. Not only are they strategically placed in relation to the Asian continent, but they are located in a country that is basically friendly to the United States and in which the problem of internal security would be relatively minor. The American emphasis on Japanese economic recovery also has been directly related to the international situation. An economically sound Japan would presumably be both anti-Communist and stable and could become a valuable political, if not military, ally of the United States in Asia.

The initial Allied statement on the limitation of Japan's sovereignty was contained in the Cairo Declaration of December

1943 in which Great Britain, China, and the United States agreed that all territories "stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores," would be restored to China, that Japan would be expelled "from all other territories which she has taken by violence and greed," and that "in due course Korea shall become free and independent." This was later reaffirmed in the Potsdam Declaration. In addition, under the terms of the Yalta Agreement of February 1945 the Soviet Union was to receive southern Sakhalin and the Kurile Islands.

These Allied agreements meant that Japan was not only to be driven out of territories seized since the "Manchuria Incident" of 1931, but was also to lose those portions of its empire which had been recognized earlier as legally Japanese territory, namely, Korea, Formosa, the Kwantung leased area in southern Manchuria, southern Sakhalin (Karafuto), and the Kurile Islands. Following V-J Day the Japanese were speedily ousted from these areas, but the confirmation of the new legal status of the areas waited the signing of a peace treaty.

By all odds the most rapid and most complete success of the occupation has been the program of disarmament and demilitarization. This was a result of the mechanical nature of the process required to destroy Japanese weapons, render useless the country's defense installations, disband the command organization, demobilize the army, navy, and air force, drive military personnel out of public life, bar their civilian supporters from positions of influence, and dissolve militaristic and ultranationalistic organizations.

Although most of this work was concluded by the end of the occupation's first year, some of the problems associated with it are still far from settled. Article 9 of the Japanese constitution of 1947 contains the revolutionary provision that the Japanese people "forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes" and that Japan will never maintain "land, sea, and air forces, as well as other war potential." While the provision may serve to improve relations between Japan and some of its former enemies, it raises the great problem of Japan's defense should an outside force attempt aggression against the country. This is a major concern of many Japanese, and some Japanese and Americans have argued that the United States has

a moral obligation to defend Japan because it was the United States that was mainly responsible for disarming Japan.

Several statements by high Japanese officials during 1949 indicated that the government might be planning to make propaganda use of Japan's defenselessness in order to gain the backing of world public opinion in the event that the country should be threatened. On the other hand, in his customary New Year's message to the Japanese people on January 1, 1950, General MacArthur said that "by no sophistry of reasoning can it [the constitutional no-war provision] be interpreted as a complete negation of the inalienable right of self-defense against unprovoked attack." He added: "Have faith in my countrymen and other peoples who share the same ideals." It is clear from even these few comments that the issue of Japan's constitutional disarmament is one that has repercussions far beyond Japan's own borders.

A problem remaining after the disarmament of Japan was the repatriation of Japanese who fell into Soviet hands during the Soviet-Japanese phase of the war. In the Potsdam Declaration the Allies pledged that the Japanese forces, after being disarmed, would be returned to their homes. At the end of the war more than six-and-a-half million Japanese, both military personnel and civilians, were scattered throughout Asia in areas other than Japan. By the end of 1946 more than five million of these had been repatriated, but none had been returned from Soviet or Soviet-controlled areas. In December 1946, however, the Soviet government agreed to repatriate Japanese under its control at a rate of fifty thousand per month. The Soviet government failed to meet this schedule after May 1947.

In late May 1949, after months of unremitting pressure by SCAP, the Soviet government announced that it would resume the repatriation program and would repatriate the ninety-five thousand Japanese still in its hands. During the remainder of the year it repatriated that number. From the beginning, however, SCAP maintained that the Soviet Union had far more Japanese under its control. After the completion of the Soviet program SCAP asserted that more than three hundred thousand Japanese remained or were unaccounted for in Soviet-controlled areas, as well as some sixty thousand in Manchuria. No satisfactory explanation of the discrepancy in figures was given by

either side in the dispute. The issue remained unsettled at the close of 1950.

Initially the repatriates during 1949 showed themselves well indoctrinated with Soviet propaganda, extremely ill-informed about Japanese developments, and intent on causing as much trouble as possible for the Japanese authorities. But as time went on the problem seemed to grow less difficult. Return to Japanese life seemed almost immediately to undermine the indoctrination of many repatriates. The wide disparity between the observable facts in Japan and Soviet propaganda about the occupation weakened the faith of others. Many confessed that they had pretended conversion to Communism because they had felt it was the only way they could get back home.

Soon after the Japanese surrender the Allies inaugurated a program for the trial of suspected war criminals, under the terms of the Potsdam Declaration. The trial of the major suspects was held in Tokyo before the International Military Tribunal for the Far East on which the original eleven nations of the Far Eastern Commission were represented. The trial began in June 1946 and ended in November 1948 with sentences of death for seven of the defendants, life imprisonment for sixteen, and lesser prison terms for two. Former Prime Minister Hideki Tojo and six others were executed in Tokyo in December 1948.

In October 1949 American authorities in Japan announced that the American phase of the prosecution of minor Japanese war criminals had come to an end. Of approximately 4,000 persons convicted of war crimes, 700 had been executed, 2,500 were currently serving terms ranging up to life imprisonment, and some hundreds had been freed after serving their sentences. At the end of 1949 the Soviet Union tried twelve Japanese army officers for plotting to use bacteriological warfare against the Allies during the war. The charges also included experiments on Allied prisoners of war and limited use of the technique in China. The officers were convicted and sentenced to prison terms ranging up to twenty-five years.

Disarmament and demilitarization have been infinitely easier than the political reorientation of Japan. The political program for the occupation has included not only the destruction or elimination of certain totalitarian and antidemocratic institutions

and practices, but also the laying of a foundation for a democratic political order.

Throughout its history the government of Japan has been nondemocratic and based on the concept of the irresponsible possession of power by small groups of men. This background provided the founders of modern Japan with the political institutions and theory required for the creation of a highly centralized, authoritarian state. These men deemed such a state necessary for Japan's defense against possible external attack and for the vigorous implementation of a policy of overseas expansion. They felt also that it would constitute the modern embodiment of traditional political and governmental attitudes.

The Constitution of 1889 expressed traditional Japanese political ideas in a modern setting. It was also an almost perfect example of an antidemocratic constitution for an authoritarian state. Supreme power was placed in the emperor, without effective checks against the arbitrary use of that power or its control by a group of ambitious and power-conscious men. The few potentially democratic and representative features of the government established under this constitution were hedged about with restrictions. Far from guaranteeing civil liberties, the constitution granted the government the power to curtail them at will. Civic education in pre-surrender Japan was built around blind worship of the emperor and unquestioning obedience to authority. An efficient secret police and rigid internal censorship curbed deviations from accepted political thinking.

This background suggests the extent of the task confronting both SCAP and the Japanese if they were to achieve the political objective of the occupation, "the eventual establishment of a peaceful and responsible government" conforming to "principles of democratic self-government."

The last four months of 1945 witnessed a flood of vitally important directives from SCAP to the Japanese government. The result can be described, without exaggeration, as the political emancipation of the Japanese people. Political prisoners were released; basic freedoms of speech, press, association, and assembly were introduced for the first time; religious freedom was granted; police abuses were eliminated by law. Yet, sweeping as these reforms were, they only established certain basic



conditions for the development of democratic self-government by the Japanese. The real implementation of these fundamental political reforms, introduced by an alien occupation, could be guaranteed only if the Japanese incorporated them into Japanese tradition, political theory, and political action.

Following the initial period of emancipation by directive, Japan's chief legislative problem was constitutional reform. The nature of the Constitution of 1889—then still in force—was such that many of the reforms already undertaken were either not in accord with or lay outside the constitution.

As early as October 1945 General MacArthur notified the Japanese government that constitutional reform should be given high priority. But some months of fruitless negotiation revealed that the Japanese authorities were either unwilling or unable to abandon certain fundamental features of the old constitution. Early in February 1946 General MacArthur instructed the Government Section of SCAP to prepare a draft constitution for consideration by the Japanese government. On March 6, 1946, this draft was released in substantially its original form as the Japanese government's own draft for a new constitution. After several months of debate and some veiled criticism, the Japanese Diet approved the draft in the autumn of 1946, without making any significant alterations. The constitution was promulgated in November and went into effect in May 1947. It is, on its face, one of the most progressive constitutions in the world.

The new constitution places sovereignty squarely in the hands of the people, not the emperor, as in the old constitution. Indeed, the emperor now possesses only a few formal powers in affairs of state. The Japanese people are guaranteed all civil liberties unconditionally, in addition to the right to work, to engage in collective bargaining, to receive protection against economic exploitation, and to enjoy complete social equality, including equality of the sexes. Church and State are completely separated, autonomy in matters of local government is guaranteed, and the right of judicial review is granted to the new Japanese courts. The whole body of Japanese law—civil, criminal, and commercial—has been revised to conform with the new constitution. This splendid document has yet to meet the test of operating in a Japanese society untrammelled by external

controls—the very controls that were responsible for most of the constitution's outstanding features.

Although Japan has made great strides in setting up the legal foundations of a democracy, the political arena has not provided similarly promising evidence of democratic development. The cabinet, in which executive power is vested by the constitution, has reflected few signs of democratic leadership. Since the end of the war, five men have served as prime ministers. Prince Naruhiko Higashikuni, a member of the imperial family, headed the "surrender cabinet," which held office from August to early October 1945. Baron Kijuro Shidehara, a prewar career diplomat whose moderate policies had forced him into retirement, then served from October 1945 to April 1946, when the first postwar elections were completed. Mr. Tetsu Katayama, Japan's first Socialist and Christian prime minister, was in office from the end of May 1947 to early February 1948, and Mr. Hitoshi Ashida served from March to October 1948. Mr. Shigeru Yoshida, the present prime minister, has served three times: from May 1946 to May 1947, from October 1948 to early February 1949, and (following the 1949 elections) since mid-February 1949.

Of these five men only Katayama is not conservative in his views. Shidehara, Ashida, and Yoshida have all been career diplomats. They were sufficiently opposed to the extremist policies of the military to be forced out of public life in prewar days; but none can be considered a liberal in his ideas on Japan's domestic political and economic problems. Thus, there has been a strong conservative cast to Japan's political leadership during the occupation.

Perhaps even more important than the domination of Japan's politics by such conservatives is the nonappearance of vigorous new figures on the political scene. In the five years since the surrender, there have been no prominent newcomers in the top levels of Japanese political leadership, with the exception of the Communists.

The role of Prime Minister Yoshida—the leading political figure of postwar Japan—emphasizes the nature of the problem. Yoshida was once a career diplomat, but fell out of favor in the mid-1930's, apparently because he felt he could not go along with

the extremist foreign policy then being developed. He ultimately had the good fortune to be thrown into jail in 1945 on suspicion of plotting to bring the war to an end. Such a record made him *persona grata* to the occupation. His diplomatic career gave him sufficient prestige to be accepted as a leader; his opposition to the military made him appear less militaristic and hence possibly more democratic than other political and diplomatic figures. Yet nothing in his prewar record indicated that he might become a genuine democratic leader. Yoshida seemed extremely sensitive to assertions that he and his Liberal party were ultra-conservative. In statements to foreign correspondents and to the Japanese people he maintained that the Liberals were true middle-of-the-roaders. The Communists, he declared, were Japan's ultraleftists, but all ultrarightists had been eliminated by the purge of ultranationalists and militarists from Japanese public life.

It was natural that the conservative element should assume a dominant role in Japanese politics. The war produced no fundamental cleavages within Japanese society: neither in the final stages of the war nor in the initial period of the occupation did the Japanese develop basic political differences among themselves. This meant that there was no fundamental opposition to the reactionary or ultraconservative ideology and political activity characteristic of recent Japanese political history. There was disapproval in plenty, but also a discouraging lack of vigorous alternative policies. Consequently, when the occupation began, the Japanese political leaders who were willing to co-operate with the occupation and who were acceptable to it were men of conservative attitudes. Perhaps the best single proof of this is the undeniable fact that all the major political, social, and economic reforms since the surrender have originated with the occupation; not a single one has been of Japanese origin. The activities of such men as Yoshida and Shidehara have undoubtedly been approved by the majority of Japanese precisely because these leaders stood for gradual and limited change in Japanese life.

Here the nature of the occupation must also be considered. While the program of political reform presented by the occupation was revolutionary, the means of achieving that reform were evolutionary. The occupation did not envisage the fundamental overthrow of the old Japanese leadership—the elimination of

militarists and ultranationalists, yes, but not the elimination of all conservative elements in Japanese politics.

The very existence of the occupation has helped to confirm the continued exercise of power by the conservatives. No matter how impartial the occupation might seem toward Japanese political figures, the rise to power of this or that leader has constituted in itself a tacit endorsement by the occupation. For it is obvious that no one in disfavor with the occupation could achieve or retain leadership.

The problem of leadership in postwar Japan naturally involves the question of the purge. It was both Allied and American policy that "active exponents of militarism and militant nationalism" should be removed and excluded from public office and from "any other position of public or substantial private responsibility." This program was inaugurated in education in October 1945; in the national government in January 1946; in prefectural, city, and village government in January 1947; and in economic activity and public information media in January 1947. The purge was designed to exclude certain categories of militarists and ultranationalists from positions of influence in these fields. Both SCAP and the Japanese government worked out extremely detailed definitions of the categories and set up a complex system for the administration of the purge.

SCAP has announced the following results of the purge. Almost 120,000 teachers (about twenty-two per cent of the total) have been purged from the educational field. SCAP figures are not clear, but apparently the great majority of these resigned before the purge actually went into effect.<sup>4</sup> A total of 201,815 have been purged from the other fields. Of these, 115,000 were career military officers; 33,500 were members of Japan's former totalitarian party, the Imperial Rule Assistance Association, and its affiliates; about 7,000 were in such organizations as the secret police and militaristic societies; and about 3,000 were in ultranationalistic societies. Only about 1,500 were purged from the economic field and slightly more than 1,000 from public in-

<sup>4</sup> It should be noted that the purge in education was initiated before and administered separately from the purge in politics and government, economic activities, and public information media. The figures here quoted are taken from *Education in the New Japan* (Tokyo, General Headquarters, SCAP, Civil Information and Education Section, 1948), Vol. I, p. 157.

formation activities. Late in 1950 some 10,000 who had appealed their cases were removed from the purge list. While the purge did much to eliminate from public life many of the old leadership groups it did not create new leadership, nor was it intended to do so.

Under the occupation Japan has held three elections for the House of Representatives—in April 1946, April 1947, and January 1949. Perhaps the most noteworthy aspect of the April 1946 election was the fact that for the first time women could vote and run for office. Thirty-nine women were elected. The results of this election illustrated the conservative character of Japanese politics. The Liberal party (later renamed the Democratic Liberal party) won 140 seats and polled twenty-four per cent of the popular vote; the Progressive party (later renamed the Democratic party) won 94 seats and polled almost nineteen per cent of the popular vote. The Liberals and Progressives were directly descended from two prewar parties, the Seiyukai and the Minseito, respectively. Neither of the prewar parties stood for liberal domestic policies, primarily because of their very close association with the powerful economic interests. In the 1946 election the Social Democratic party ran a close third to the Progressives, winning 92 seats and polling almost eighteen per cent of the popular vote. Minor parties and unaffiliated candidates accounted for the remaining 140 seats and thirty-nine per cent of the popular vote.

In the April 1947 elections the Social Democrats led by a slender margin, winning 143 seats to 131 for the Liberals and 121 for the Democrats, the three parties being virtually tied in percentages of the popular vote. This margin was too small for the Social Democrats to function effectively, especially since the combined total of the two conservative parties was more than a hundred seats more than the Social Democrat total. By 1948 by-elections had raised the Liberal total to 152 and reduced the Social Democrats to 111.

In the 1946 election the Communists won five seats and 3.8 per cent of the popular vote and in 1947 only four seats and 3.7 per cent of the popular vote. In the 1947 election the total Communist vote was just over a million, compared with 2,135,000 in 1946. It should be noted, however, that the elimination of plural voting between the 1946 and 1947 elections decreased the



total popular vote in 1947 to less than half that in 1946. Consequently, while the Communist vote showed a decided drop, the Communist percentage of the total vote remained virtually the same.

The 1949 elections greatly strengthened both the right and the left at the expense of the center. The Democratic Liberals won 264 seats by polling 43.8 per cent of the popular vote, while the Democrats were a bad second with 68 seats and 15.8 per cent of the popular vote. These two parties controlled just over seventy per cent of the seats in the House of Representatives and polled just under sixty per cent of the popular vote. The Social Democrats ran a poor third, winning 49 seats (compared with 111 before the election) and polling only 4,129,000 votes, compared with more than seven million in 1947. Factional strife, the inheritance of many difficult problems from the Yoshida government, a failure to capitalize on their position of leadership in the government in 1947, and an inability to capture either the imagination or the allegiance of the electorate contributed to the decline of Social Democratic fortunes. The greatest gains were made by the Communists, who increased their seats from four to thirty-five, accounted for 9.6 per cent of the popular vote and polled almost three million votes, a gain of just under two million.

The execution of the occupation's program for the political emancipation of the Japanese people created conditions under which the Communist party for the first time became a significant force in Japanese politics. The party had been organized in Japan in 1921, but from the beginning the Japanese police had carried on a relentless campaign of suppression and terror against all known and suspected Communists and all forms of Communist activity. This alone had sufficed to prevent the Communists from playing an important political role. In addition, the government had carried on a consistent and intensive anti-Communist propaganda campaign among the Japanese people.

In October 1945 the occupation issued a directive to the Japanese government ordering the release of all political prisoners. By far the most significant group affected were the Communist leaders, some of whom had been imprisoned for years. Able leadership, strong party organization and discipline, a determined propaganda attempt to put the party on the side of the

common man, and the very fact that the occupation permitted the party to operate, all helped the Communists to achieve a strong initial position in post-surrender Japan.

The results of the 1947 election seemed, however, to indicate that the Communists were losing ground. The large gains in the 1949 election were apparently due primarily to the defection of former Social Democrats to the Communist camp. In spite of their good showing in the 1949 election, the Communists still faced a number of barriers to attaining a really powerful political position. The strongly anti-Communist pronouncements of General MacArthur and the fundamentally anti-Communist attitudes of the Japanese (greatly encouraged by prewar propaganda) constituted two of the greatest barriers.

In 1949 the struggle sharpened between the Communists on the one hand and on the other the American-dominated occupation, the Japanese government, and what seemed to be the vast majority of the Japanese people. Communist-led riots in scattered areas in Japan; acts of sabotage apparently committed by Communists, particularly on the railroads; the tactics of some Communist-indoctrinated repatriates from the Soviet Union; and widespread denunciations of America's new economic program for Japan were features of the Communists' 1949 "offensive." Bitter attacks on Japanese Communists, Communists in general, and the Soviet government by General MacArthur were perhaps the spearhead of the counteroffensive. It also seemed that the extremist tactics of the Communists were turning the Japanese people against them.

In 1950 the Communists apparently overplayed their hand. Increased Communist activity led General MacArthur to suggest to the Japanese government early in May that the party be outlawed. This was followed a few weeks later by physical attacks by Communists on American members of the occupation forces during a Communist demonstration, the first reported instance of Japanese violence against occupation personnel. This outburst led to the banning of Communist leaders from public life and the temporary suspension of *Akahata* (*Red Flag*), the Communist newspaper, by the occupation. The open struggle between the occupation and the Japanese Communists not only resulted in a severe limitation of Communist activities but also strengthened immeasurably the hand of the Japanese government

against the Communists by clearly demonstrating that a Japanese anti-Communist program would have full American approval.

As already noted, the new constitution has stripped the emperor of his role as absolute head of the government and sole source of sovereignty in the Japanese political system. But this has been only one aspect of the considerable change in his position since 1945. On January 1, 1946 the emperor issued a rescript, indicating that henceforth the Japanese should not believe in the myths ascribing a divine origin to the imperial line and the people. This was the initial step in a process of "humanization." The campaign has also included a series of tours to all parts of the country and a number of other public appearances. Apparently, the aim is to develop among the Japanese people a feeling of affection for the emperor comparable to that with which the British regard their king.

Under the new constitution the bicameral Diet is the highest organ of state power because it is elected by the people, in whom sovereignty resides. The constitution also provides for a system of universal adult suffrage. The House of Representatives consists of 466 members elected from electoral districts. The House of Councillors, roughly comparable to the American Senate, has 250 members, of whom 150 are elected from electoral districts in the prefectures and 100 from the nation at large. Half of the councillors are elected each three years, for a six-year term. The House of Representatives has a dominant position, being empowered by the constitution to override adverse legislative action by the Councillors under certain conditions. The House of Representatives can be dissolved by the emperor "with the advice and approval of the Cabinet," but the constitution says very little on this highly important question.

Because of the power vested in it and because it represents the people, the Diet is the governmental institution that will reflect most directly the success or failure of the democratic experiment in Japan. To date it is impossible to judge the long-range prospects of the Diet, largely because it is still operating under the artificial conditions of the occupation. It has so far been unable to exercise any true legislative discretion because almost all important legislation has been offered or sponsored by the occupation. Consequently, the Diet has continued its pre-war function as a rubber stamp.

Executive power is vested in the cabinet. The constitution provides that the prime minister must be chosen by the Diet from among its members, and that a majority of the ministers of state, composing the cabinet, must be appointed from the Diet. The prime minister names the ministers of state. The cabinet must resign in the event that the House of Representatives passes a resolution of nonconfidence.

The attempt to encourage democratic self-government has not been carried out in a vacuum. American and Allied policy have recognized that economic reconstruction is fundamental to the political renovation of Japan.

The economic problem facing the occupation will be clear from a brief description of the economic development of modern Japan. Until the middle of the nineteenth century the economy was predominantly agrarian, but by the end of the century Japan was well on the road toward becoming an industrial power. By the 1930's Japan's phenomenal economic development had produced one of the most formidable armies of the time; a navy ranking second or third in the world; Asia's only industrial economy; a high-ranking merchant marine; a worldwide banking organization; and a highly profitable trade in virtually all the world's markets.

Yet some of Japan's fundamental economic problems remained unsolved. For example, it had achieved industrialization without large stores of basic industrial materials. Coal and iron ore deposits were present, but in both quality and quantity fell far short of supplying the country's broad industrial needs. Japan tried to solve this problem by acquiring raw materials through normal foreign trade and by bringing neighboring territories rich in resources under its own political control.

Population was another pressing question. During the process of industrialization Japan, like other industrializing nations before it, experienced a great increase in numbers. Between 1870 and 1930 the total almost doubled, rising approximately from thirty-three million to sixty-four million. This enlarged population had to be maintained on Japan's limited territory of less than 150,000 square miles, an area smaller than that of California. It is estimated that more than 25,000 square miles are under cultivation and that no more than 30,000 square miles are cultivable. Since the surrender Japan has lost both Korea and

Formosa which, as parts of the empire, were important sources of food, as well as of raw materials. In 1949 there were estimated to be more than eighty million persons in Japan.

The existence of a large population on so small an arable area stimulated the adoption, before the war, of a policy of continued industrialization, particularly in the export field. It was argued that only by exporting could Japan create the jobs and accumulate the foreign exchange necessary to support those of its people who could not live directly off the land. Whether this approach would have provided an economic solution will never be known, because the policy of direct territorial expansion came increasingly to the fore. The occupation, however, has placed great stress on the development of exports as an economic necessity.

Another perennial problem was the plight of the farmer. Although historically the foundation of the Japanese economy, he has never enjoyed a return from his labor commensurate with his contribution to the national wealth. This question will be discussed later, when the occupation's agrarian reform program is described. A final problem was the excessive concentration of economic power in the hands of the monopoly capitalists, or *zaibatsu*. The degree of economic control exercised by the *zaibatsu* has not been matched in any other modern capitalistic society.

This situation was a natural one. The *zaibatsu* played the same role in Japan's modern economy as the merchant class played in the Tokugawa period (A.D. 1603-1867). The merchants, though then kept under strict control by the dominant warrior class, nevertheless had worked out a *modus vivendi* that allowed them to flourish. This arrangement provided a precedent for the close *zaibatsu*-government relationship that contributed so greatly to the power of the *zaibatsu* in modern Japan and gave them a degree of influence over government policy out of all proportion to their numbers.

The system of extreme monopoly control undoubtedly helped to promote Japan's successful economic expansion. It gave Japan great competitive advantages in buying and selling in world markets, and also served to reduce the costs of financing, insurance, transportation, and other items in Japan's national and international trade. Yet the system inevitably pro-



duced unfavorable economic and political effects in Japan. The excessive concentration of economic power virtually prevented the growth of a middle class that could play a significant role in Japan's economy and politics. It also made impossible the development of free enterprise in Japan's domestic economy.

It is frequently asserted that the zaibatsu never favored the aggressive policies of the militarists. But there is nothing in the record to show that the zaibatsu ever made any serious effort to hinder the militarists. The interests of the zaibatsu were so broad that whatever losses they might suffer as a result of unfavorable foreign reactions to Japanese aggression were recouped in ventures associated with that expansion. For example, losses in foreign trade were apparently more than made up by increased profits from war industries.

At the end of the war Japan seemed faced by almost complete economic collapse. Its tremendous Asian empire and impressive trade with other parts of the world were gone. Production facilities had suffered extensive damage from air attacks, the merchant marine had been almost completely destroyed, and the system of internal transport and communications had been disrupted. Food production had been seriously lowered by both natural and war-inspired causes, outside sources of raw materials were no longer accessible, and inflation was threatening to get out of hand.

Allied economic policy, dominated by the United States, has been designed to handle both the short-range problems growing out of the war and surrender, and the long-range problems characteristic of the country's economy. The objectives, all interrelated, may be described as follows: to formulate a reparations program; to end monopoly control of the economy; to encourage the formation of democratic economic organizations; to eliminate or control those aspects of the economy which might furnish war potential; to carry out agrarian reform; and to create a peacetime economy that would permit the people to live satisfactorily.

Reparations, an economic problem arising directly out of the war, was of great importance both to Japan and to its former enemies, particularly those in Asia. Initial reparations policy was based on the view that Japan was to be permitted an econ-

omy that would provide both for the existence of its people and for the exaction of just reparations in kind.

The first detailed reparations program was presented in the spring of 1946 by the Pauley mission, appointed by President Truman. The mission recommended: the elimination of Japan's war potential by industrial disarmament; prevention of Japanese control of the industries of other Asian countries; limitation of Japan's productive capacity and standard of living; permission for Japan to export enough to pay for necessary imports; and immediate interim deliveries on reparations accounts.

This program, which was much more severe than subsequent official American proposals, was never put into effect. In April 1947 the United States government directed General MacArthur to arrange for the delivery to four countries of thirty per cent of the facilities that the Far Eastern Commission had previously declared available for reparations removal. Under this interim, "advance transfer" arrangement, China was to receive fifteen per cent, the United Kingdom five per cent, the Philippines five per cent, and the Netherlands five per cent. This partial allocation totaled 82,074 metric tons net weight of "machine tools, laboratory and electrical and other residual equipment and some interim facilities" with a 1939 value of 153,849,644 yen. In June 1949 SCAP announced that about forty-five per cent of the program had been completed. The Netherlands had received approximately two thirds of its allotment, China and the Philippines slightly under a half, and the United Kingdom about a quarter.

As early as 1947 there were increasing demands in both official and unofficial American circles for a more lenient policy. The principal argument was that extensive reparations removals would seriously impede Japanese economic recovery, with consequent bad effects on the economies of Asia and the United States. By the summer of 1947 the Far Eastern Commission agreed on a general policy concerning reparations removals, but could not agree on a schedule of payments. Perhaps the greatest stumbling-block was the Soviet government's contention that those Japanese installations in Manchuria which had been seized and removed to Soviet territory in 1945-6 constituted "legitimate booty of war." Moscow's view that these facilities could not be

considered as fulfilling any part of its reparations demands was met by an equally unyielding American insistence that the property should be considered part of reparations to the Soviet Union.

The deadlock was broken and the matter settled unilaterally by the United States on May 12, 1949, when Washington announced that it was issuing a directive suspending Japanese reparations payments. The primary explanation offered for this important step was that Japan needed all its resources to achieve eventual stabilization of its deficit economy, and that further payments would impede Japan in moving toward self-support. Reference was also made to the failure of the Far Eastern Commission to agree on a reparations-share schedule and to the payment by Japan of "substantial reparations" through the "advance transfer" program and the expropriation of its overseas assets.

The Philippine and Chinese (Nationalist) governments complained bitterly about this decision, since both had expected far more from Japan. But the United States remained firm. Presumably the question will be discussed again in making peace with Japan, but it seems highly unlikely that the United States would agree to any substantial change in the present situation. Japan gained tremendously by the 1949 decision, for it is no longer under the psychological and economic burden of not knowing how much or which of its facilities are to be removed. Total payments were also much smaller than Japan had any reason to anticipate at the end of the war. The United States government also demonstrated its willingness to support Japan's economic reconstruction even at the risk of antagonizing America's wartime allies.

The zaibatsu constituted one of the earliest objects of the occupation's economic reform policy. The initial attack, covering a broad front, was directed against individuals, families, companies, and combinations of companies. Individuals regarded as having been militaristic or ultranationalistic in their attitudes were barred from positions of importance in the Japanese economy. Excessive family control of firms was eliminated. Holding companies and other organizations representing excessive concentrations of economic power were dissolved.

The Diet passed two laws, the Anti-Monopoly Law of 1947

and the Trade Association Law of 1948, designed to prevent the reappearance of monopolistic companies and practices. A Fair Trade Commission was established to administer these measures, and a battery of lesser laws was passed to supplement the major ones. Early in August 1949 General MacArthur announced that the anti-zaibatsu program had been successfully completed. It is necessary, however, to note the vitally important problem of enforcement. For the laws could be rendered nugatory not only by lax execution, but also by corrupt practices and seemingly innocuous amendments. It must not be forgotten that almost the whole body of modern Japanese business practice and experience has been based on the zaibatsu system. Will Japanese businessmen tend to fall back on practices that seem both natural and acceptable to many of them? Or will they now attempt to fight honestly and sincerely for the new business structure?

While the anti-zaibatsu program is part of the task of eliminating antidemocratic economic tendencies, the encouragement of labor unions is an aspect of the basically much more important task of building positive democratic forces in Japan's economy. The prewar Japanese government never permitted the free, uncontrolled development of a trade union movement. Both the government and the zaibatsu had considered the movement economically and politically unsound, if not positively dangerous.

Early in October 1945 General MacArthur directed the Japanese government to encourage the labor union movement; and the occupation from the beginning encouraged an educational program for both union leaders and the rank and file, designed to enable them to make effective use of their new rights. The initial directive was followed in December 1945 by the passage of a Trade Union Law in the Diet. For the first time Japanese workers were guaranteed the right to organize and to bargain collectively. The ensuing spectacular growth of the labor movement can be seen in the following figures: October 1945, 5,300 members; June 1946, 3,679,000 members; and June 1949, 6,655,000. By the end of June 1950, however, the total had fallen to 5,839,000 members.

The union movement inevitably became enmeshed in the problem of Communism. In 1946 two major labor federations

were formed. The General Federation of Japanese Trade Unions (popularly called *Sodomei*) under the influence of the Social Democratic party, claimed about 1,000,000 members at the end of 1947 and the National Congress of Industrial Unions (*Sanbetsu*), ultimately under Communist domination, claimed about 1,200,000 members. *Sanbetsu* suffered several major defections in 1949, as the struggle between pro- and anti-Communist groups within the union movement sharpened, because of the Communists' apparent determination to expand their control, and because of the firm resistance on the part of the anti-Communists, particularly those in the occupation-sponsored "democratization leagues."

Not only have unions been legalized, but the Japanese government has passed a number of other laws designed to improve the lot of the worker. These measures include the creation of a Labor Ministry and the regulation of such matters as the employment of women and minors, overtime pay, working conditions, and workmen's compensation for industrial accidents. The Employment Security Law deals with public employment exchanges, vocational guidance, hiring practices, and unemployment insurance; while the Labor Relations Adjustment Law provides for employer-worker-public labor committees to protect the rights of employers and workers and to carry on conciliation, mediation, and arbitration.

Although occupation policy has made possible the tremendous gains of Japanese labor since 1945, it has also been forced into the awkward position of limiting the free exercise of some of the new rights it has given. The attempted manipulation of the union movement by the Communists for political ends and SCAP's great emphasis on economic recovery have led the occupation to take restrictive action on several occasions. For example, in January 1947 General MacArthur prohibited a general strike, and early in 1949 labor was warned that no strikes that interfered with Japan's economic recovery would be tolerated by the occupation.

The long-term success of the labor movement depends on a number of factors, such as the ability of the unions to develop effective leadership, the future attitude of the government toward labor, the success of the zaibatsu-control program, the successful control of attempts by extremist groups on both the right



and left to utilize the movement, and finally on the achievement of economic stability.

The occupation has also attempted to find an answer to Japan's difficult agrarian problem, which involved these factors, among others: a scarcity of arable land, resulting in an average farm of about two-and-a-half acres; low average farm cash income, partly caused by the restricted size of the farm; a comparatively heavy tax burden; high rural indebtedness; a serious gap between the prices the farmer received for his crops and the higher ones paid for the goods he needed; and a high rate of tenancy. As a political consequence of this situation, the farmers tended before 1945 to accept the aggressive program of the militarists because it seemed to promise relief from their problems.

A few months after the occupation began, SCAP directed the Japanese government to undertake a program of agrarian reform. In October 1946 the Diet finally passed a law providing for an extensive program of rural reform. The law was designed to eliminate absentee landlordism by forcing all absentee landlords to sell their land to the government; to set up a system of government sale of land to tenants at low prices and on easy terms; to limit noncultivating resident landlords to approximately 2.5 acres of tenant-cultivated land on the islands of Honshu, Shikoku, and Kyushu, and to approximately 10 acres on Hokkaido; to limit the size of farms held by owner-cultivators to approximately 7.5 acres on the first three islands and to approximately 30 acres on the fourth; to establish a system of democratic administration of these reforms; and finally, where tenancy still existed, to prevent the development of abuses.

The occupation announced in March 1949 that 4,389,344 acres of cultivated land and 233,149 acres of pasture land had been purchased from absentee landlords and sold to tenant farmers. Tenant-cultivated land was estimated to have decreased from about forty-six per cent of all cultivated land in 1944 to about twelve per cent in March 1949. SCAP officials believed that the latter tenancy rate could be expected to prevail in the future. It was also announced that farm-tenant households had dropped from approximately twenty-seven per cent of all farm households in the same year to about six per cent on January 1, 1949.\*

After a sharp drop in agricultural output in 1945 because

of the war and unfavorable weather conditions, farm productivity showed a steady upward trend, in 1948 reaching eighty-three per cent of the 1931-40 average. But the achievement of normal prewar crop levels will not solve Japan's food problems. It is estimated that even with maximum utilization of the land under optimum conditions Japan cannot produce more than eighty per cent of the food required by its people.

Since the war the Japanese farmer has probably been better off than at any time in history. His prosperity has been due principally to high black-market prices for food, arising from wartime and postwar shortages. The fact that the farmers had the money to purchase land is undoubtedly one of the main reasons for the rapid progress of the land reform program. But this postwar, black-market prosperity of the farmer may prove temporary. Once Japan's economy approaches a fairly normal condition and food prices recede, the basic difficulty of too many farmers on too little land is likely to undermine the farmer's position once more. In 1949 American and Japanese experts already noted signs portending the end, or at least a curtailment, of this prosperity. These signs included a decline in black-market activities, higher taxes, increased prices of manufactured goods, and a rise in the agrarian population.

The economic program of the first two years of the occupation was devoted primarily to domestic matters. The next major effort centered on the integration of Japan's economy into the world economy. Although the occupation had always recognized that economic stability required a rebuilding of Japan's foreign trade, the immediate problems of relief, reconstruction, and internal economic reform had been given priority.

The fact that Japan is still technically at war is a great barrier to the re-establishment of its foreign trade. But this disadvantage has been more than balanced by the great vigor with which the United States has been working to revive Japan's overseas commerce. American policy goals in Japan cannot be achieved unless the economy is stabilized, and stabilization will also reduce the cost to the United States of sustaining Japan. The Japanese, too, are greatly interested in quickly restoring foreign trade. Prime Minister Yoshida, for example, declared in April 1949 that the future diplomatic policy of Japan should be based on trade, "because without trade our country cannot attain a

self-sustaining economy.”<sup>5</sup> The effect, he said, would also be to allay suspicions that Japan still harbored desires for territorial expansion.

By August 1945 Japan's foreign trade had virtually vanished. But the total rose from \$105,400,000 in imports and \$33,200,000 in exports in fiscal 1946 to \$805,300,000 in imports and \$487,300,000 in exports (including \$42,200,000 in invisible exports) in fiscal 1949. From the beginning of the occupation through 1948 Japan's imports totaled \$1,514,000,000 and her exports only \$535,000,000, leaving an import surplus of almost a billion dollars. Food imports represented fifty-five per cent of total imports in 1946, fifty-six per cent in 1947, and forty-six per cent in 1948; raw material imports for industrial purposes represented forty-three per cent of total 1946 imports, forty per cent in 1947, and forty-seven per cent in 1948. If 1946 is taken as the base (100), 1947 exports were 168 and 1948 exports 256, while 1947 imports were 172 and 1948 imports 223. In 1946, only 0.4 per cent of Japan's imports came from countries other than the United States; in 1947 the proportion rose to 5.9 per cent, and in 1948 to 16.2 per cent.

The year 1949 witnessed a significant expansion in the foreign trade of occupied Japan. Commercial highlights during this twelve-month period included a restoration of almost complete control of foreign trade on the Japanese side by private business, with the Japanese government retaining only normal supervision; the expansion of Japan's overseas trade contacts; and an intensification of the trend toward exports of heavy industrial goods. This last development seems basic for Japan's economy and foreign trade. Exports of rolling stock, machinery, and automobiles and parts, and the revival of Japanese ship construction for both domestic and foreign purchasers, underlined this trend.

If the trend continues, Japan will emerge as the prime source of machinery and other capital goods for the rest of the Far East instead of mainly being, as in prewar days, the principal regional source of Asia's consumer goods. This will mean that much of Japan's heavy industrial capacity, formerly devoted to armaments, can be successfully converted to the manufacture of peacetime goods for sale overseas. Since Japan is also able to

<sup>5</sup> *Nippon Times*, April 29, 1949.

supply machinery and equipment at prices below those of similar American and Western European products, the effect may be to accelerate the industrial development of Asia. Japan would then have a continuing market for parts, replacements, and new equipment. But such a development clearly depends on political and economic events outside Japan, over which that nation has no control.

Trade pacts have been negotiated between Japan (with SCAP acting on its behalf) and many other areas. Perhaps most important during 1949 was the renegotiation of the 1948 trade agreement with the sterling area. Signed in late November, the pact called for a total trade of approximately four hundred million dollars. In March 1949 SCAP representatives and the south Korean government agreed on a total Korea-Japan trade of about eighty million dollars in the fiscal year beginning April 1, 1949. A supplementary agreement in October provided for an increase of four million dollars. Other trade agreements were signed during 1949 with Pakistan, Mexico, Belgium and its colonies, the French Union, Finland, Argentina, Brazil, Chile, Peru, Uruguay, and Western Germany. In general, trade was to be carried on in terms of dollars. Imports into Japan were to consist mainly of raw materials, and exports mainly of textiles, machinery, metal products, and communications and electrical equipment.

During 1949 and the first half of 1950 there was much speculation about the establishment of trade relations with Communist China. Trade with China had been of major importance to Japan in prewar days: in the 1930's China took an average of about thirty per cent of Japan's exports and supplied such important items as foodstuffs, industrial raw materials, and cotton. Consequently, it is not surprising that many Japanese businessmen who could scarcely be regarded as pro-Communist strongly favored trade with Communist China. In June 1949 Mr. Heitaro Inagaki, minister of international trade and industry, indicated that Japan was interested in trade with Communist China, but added that the decision, on the Japanese side, was up to SCAP. At about this time SCAP trade officials revealed that negotiations had been going on concerning the establishment of trade relations with Communist China. One official stated that trade would probably be on a purely private basis

and would be strictly commercial. No direct trade took place between Japan and Communist China but much of Japan's trade with Hong Kong was destined for China.

Foreign trade and domestic economic reform were both linked with many specific aspects of Japan's economy. A nine-point Economic Stabilization Program for Japan, announced by the United States government late in 1948, was designed to create conditions of economic stability under which more specific programs could be developed. In many respects the Economic Stabilization Program constitutes the occupation's most determined effort to restore the economy of Japan to a normal peacetime operating basis, for it deals with fundamental problems of finance, taxation, credit, wages, prices, and production.

American policy, as stated in a State-War-Navy Department directive of November 1945 to General MacArthur, provided that the occupation would assume no responsibility "for the economic rehabilitation of Japan or the strengthening of the Japanese economy."<sup>6</sup> That was to be the responsibility of the Japanese themselves. However, General MacArthur was also directed to supplement local resources with imported supplies "to the extent supplementation is needed to prevent such widespread disease or civil unrest as would endanger the occupying forces or interfere with military operations." This policy, clearly directed toward a defeated enemy, was designed to cover only the requirements of the tactical military situation in the early stages of the occupation.

During approximately the first year of the occupation this policy proved adequate. Japan was in no position to better itself economically, and the shipments brought in by SCAP, particularly food and medical supplies, were more than welcome to the Japanese. With the passage of time, however, economic conditions seemed to be getting worse instead of better. Inflation increased and the production of consumer goods advanced but slowly. Price and wage controls were not operating effectively. The occupation was fully aware of the Japanese failure to tackle effectively the economic problems confronting the country, but frequent verbal representations seemed to have little effect on the Japanese government.

<sup>6</sup> Text in Edwin M. Martin: *The Allied Occupation of Japan* (Stanford, Stanford University Press, 1948), p. 135.



The Economic Stabilization Program, representing direct American intervention in Japanese economic affairs, was transmitted to Prime Minister Yoshida by General MacArthur on December 18, 1948, and was simultaneously released in Washington. The aims of the program may be summarized as follows: (1) to balance the budget by reducing expenditures and expanding government revenues; (2) to accelerate and strengthen the collection of taxes (partly through "prompt, widespread and vigorous" prosecution of tax evaders); (3) to limit the extension of credit rigorously to projects contributing to economic recovery; (4) to establish an effective program of wage stabilization; (5) to strengthen price controls; (6) to improve foreign-trade controls and tighten foreign-exchange controls; (7) to improve the allocation and rationing systems, especially for the purpose of increasing exports; (8) to increase the production of raw materials and manufactured goods; and (9) to improve the efficiency of the food-collection program.

In drafting this sweeping program, which was designed to strengthen the Japanese economy, the United States was influenced by the cost to the American taxpayer of providing food and raw materials to Japan, and by the key position of the Japanese economy in relation to the rest of the Far East. Future aid was made contingent on efforts by the Japanese to improve their own economic position, and standards of economic stability and rehabilitation were set up similar to those for other nations receiving American economic aid.

While the Economic Stabilization Program was apparently worked out on a completely unilateral basis by the United States government, care was taken to keep it within the terms of reference of Allied policy. Nevertheless, the Russian member of the Far Eastern Commission, Ambassador Alexander S. Panyushkin, attacked the program as a violation of the policy-making powers of the Commission, a charge vigorously denied by the Department of State.

One striking feature of the program was the determined manner in which the occupation and the American government set about putting it into effect. This was not a project for economic reform to be worked out in leisurely fashion by the Japanese government under the general supervision of the occupation. It was a concrete program that the American government ex-

pected the Japanese government to put into immediate operation.

In February 1949 Mr. Joseph R. Dodge, a prominent Detroit banker who had also worked on problems of Germany's postwar economy, arrived in Tokyo with the rank of minister to act as special adviser to General MacArthur on matters connected with the Economic Stabilization Program. His mission was to ensure official Japanese implementation of the program. As a result, the Japanese government in 1949 either did, or began to do, everything that was expected of it. Yet because of the fundamental nature of the reforms, these actions can be regarded only as initial steps in the direction of economic stability.

Dodge repeatedly emphasized that the United States government could not support Japan's economy indefinitely. At the outset he declared that "there must be less thinking solely in terms of how much aid will be forthcoming [from the United States] and more thinking of increased production, decreased costs and greater exports." Much of his initial effort was concentrated on getting the Japanese government to balance its budget. The budget presented to the Diet in April 1949 was characterized by strong anti-inflation provisions; the reduction of government expenditures, primarily by means of an administrative reform; the cessation of lavish government loans to private industry; the abolition of export subsidies; and the slashing of import subsidies and price adjustment funds. All these reflected clearly the direct impact of the Economic Stabilization Program.

The administrative reform program included a major reduction in the number of government employees. Approximately 420,000 were discharged, including about 285,000 from positions in Tokyo and about 135,000 from local and regional offices of the central government. The move was bitterly, but unsuccessfully, resisted by unions of government employees. To help those who had lost their jobs, the government paid discharge allowances authorized by law, established unemployment relief measures, and launched a public works program. It also hoped that industrial recovery would accelerate private employment.

On April 1, 1949 General MacArthur directed the Japanese government to establish in the Bank of Japan a special account known as the United States Aid Counterpart Fund. This is a yen fund in which the Japanese government deposits sums equal to

the dollar cost of American aid furnished to Japan. Withdrawals must be approved by SCAP, in both amount and purpose. Funds can be used only for economic stabilization, and projects financed must be part of the Economic Stabilization Program. The fund is drawn on only when funds are not available from "normal government revenues, existing credit sources, or savings of the Japanese people." It was pointed out that the fund was to be used to counteract some of the adverse effects of the Economic Stabilization Program; for example, to create jobs for those thrown out of work by the reduction of government personnel.

Dr. Carl S. Shoup of Columbia University headed a group of American tax experts who surveyed the Japanese tax system in 1949. A number of changes were recommended, to help achieve economic stability in accordance with the new economic policy; to establish a stable tax system; to remove any serious inequities in the existing system; to provide financial support for the policy of strengthening local autonomy and responsibility; and to improve the tax administration and stimulate vigorous enforcement of the tax laws.

In the financial field a major development was the establishment of a single exchange rate of 360 yen to 1 U.S. dollar in April 1949. This was carried out as part of the Economic Stabilization Program. Soon afterward SCAP approved the reopening of the Japanese stock exchanges, which had been closed since September 1945; they are now operating under the Revised Securities Exchange Law of 1948. The operation of the exchanges was described as a means of directing capital into productive channels.

During 1949 Japanese industrial activity continued the upward trend that has characterized it since the almost complete stagnation of the months immediately following the surrender. In July the index of total industrial activity reached 95.4 (100 representing the 1932-6 period, the last peacetime five-year period). Industrial production reached 79.5 in the same month, with mining at 106.4 and manufacturing at 76.5. The index figure for durable manufactured goods was 104, and for non-durable goods 54.8. While these figures reveal substantial gains in industrial activity and production, it would be far from accurate to conclude that Japan's economy was back on an even keel.

The problem confronting Japan is not simply to reconstruct

an economy ravaged by war. If that economy is to escape a succession of future crises, the Japanese government and people, with the co-operation of other countries, will have to work steadily on such matters as agrarian stability and prosperity, the development of foreign trade as a necessary prop for the internal economy, the pressure of population on the land, the integration of the labor movement into Japan's political and economic life, and the control of monopolistic practices.

In addition to economic reconstruction and political reorientation, fundamental social reform has been a major concern both of the occupation and of the Japanese. One basic issue in this connection is the problem of educational reform. It is widely held that the education Japanese children received did much to develop attitudes of subservience that provided an excellent foundation for totalitarian government. The old educational system was also used for the positive indoctrination of youth in the tenets of Japan's ultranationalism. The occupation therefore felt that many aspects of the old system had to be replaced by new features, in order to encourage democratic attitudes among the younger Japanese.

The problem has been attacked on three levels: administrative reform, changes in curriculum and textbook content, and the training of teachers. Administrative reform has involved almost everything from abolishing governmental control of the schools to establishing parent-teacher associations. Changes in the content of textbooks have ranged from the elimination of "superstition" and "propaganda" to the attempted incorporation of new and strange democratic ideas. The personnel program has included the elimination of nationalists and militarists from teaching positions and the retraining of teachers in modern methods of education. As in so many other fields, the results of these educational efforts will not be known for some years—until the students of today become adult citizens.

Recently academic freedom has become an important educational issue, charged with especial meaning because of the successful prewar attempts by the Japanese government to expel liberals (as well as radicals) from the teaching staffs of universities. In addition, a purge of Communists from the ranks of teachers in the summer of 1949 seemed about to spread to individuals who were neither active Communists nor fellow-

travelers, but merely supporters of ideas not conservative. The problem was complicated by the fact that the new constitution contains an unconditional guarantee of academic freedom, without, however, defining what it is.

Another social problem that has awakened much interest is the position of women in Japan. The new constitution gives women complete social equality, including equality as partners in marriage; and the civil code has been amended so that women now possess a legal freedom and legal equality previously denied them. Today more women are participating in public life than ever before, and the necessary conditions have been established for the achievement of equality by women in Japanese society. But the success of these far-reaching changes depends on the development of attitudes in both men and women which will make possible the fact of equality.

During 1949 and 1950 Japanese representatives attended an increasing number of international conferences in the United States, Europe, and Asia, although their roles were limited to those of observers. In addition, more Japanese than before have been permitted to go abroad to study, particularly to the United States. Groups of teachers, Diet members, radio technicians, and diplomats have also come to the United States to study and to observe. In August 1949 SCAP announced a program under which Japanese technicians would be authorized to travel outside Japan to accept employment by foreign countries.

In May 1949 the United States had recommended to the Far Eastern Commission that, under SCAP's supervision, Japan be permitted to attend international meetings and to join in such international arrangements and agreements as other countries might be willing to conclude with her. After the Commission failed to act on this recommendation, the United States announced unilaterally that Japan would be permitted to resume semidiplomatic and trade relations with the rest of the world, subject to approval by General MacArthur.

In spite of increasing participation in international affairs, Japan at the end of 1949 still seemed far from achieving one of its major objectives, a treaty of peace which would presumably end the occupation and permit Japan to rule itself again. When the first proposal for a peace treaty with Japan had been made by the United States in the summer of 1947, the Soviet Union



had insisted that the negotiations be carried on, not by all the Allied powers interested in the peace treaty, but by the major powers alone. This view was prompted by an apparent desire not only to exclude some of the lesser nations, but also to permit the use of the veto. Nationalist China had also objected to dropping the veto and had come forward with a compromise proposal. If the Russians alone had objected, a treaty might nevertheless have been concluded. But a treaty was not considered possible without Russia and China.

During 1949 the United States, Great Britain, and Australia all revealed a desire for an early treaty of peace with Japan. Although the Soviet government several times indicated that it wished a treaty to be concluded, it took no steps to make this possible. In June 1949 Secretary of State Acheson stressed that the treaty should be the concern of the powers that played a major role in the war against Japan and that the Soviet Union was to be regarded as a belated newcomer, not as a major participant.

—Another complicating factor is the emergence of the Communist government in China. It was not the government of China during the war, but the Nationalist Government seems in no condition to take an effective part in any peace conference. Neither has the Communist government been recognized by all participants in a possible Japanese peace conference.

The Japanese have expressed much concern over the failure of the powers to get together on the problem of the peace. Prime Minister Yoshida on one occasion declared his willingness to go to the United States if this would speed a treaty. On another occasion he stated that Japan's everyday actions amounted to attendance at a peace conference because "the process of convincing the powers of Japan's ability to return to international society and of contributing to world peace is indeed the conference."<sup>7</sup>

After the outbreak of the conflict in Korea, the United States intensified its efforts to conclude a general treaty of peace for Japan. These efforts involved a formulation of the general principles to be followed in drafting a treaty, together with negotiations designed to spur other nations toward a peace settlement with Japan. Late in 1950 the United States proposed the conclusion of a treaty with any or all of those nations at war with

<sup>7</sup> *Nippon Times*, June 10, 1949.

Japan which were "willing to make peace on the basis proposed and as may be agreed"; arrangements for the admission of Japan into the United Nations; agreement on the disposal of former Japanese-controlled areas in Asia; Japanese participation in existing political and commercial arrangements in such fields as narcotics control and international fisheries; and arrangements for the future security of Japan.

A peace treaty would return to Japan much of its independence, but would still fall short of solving many problems confronting the nation. Japan's future role in world affairs, and even the course of its own domestic economic, political, and social development, will depend not only on the nature of its own efforts and achievements but also on the kind of Asia and the kind of world of which Japan must be a part.

The Korean crisis underlined the influence of outside forces on Japan's position. Completely unarmed, Japan found itself in an unaccustomed role—that of a bystander while a major war was being fought in the Far East. It was, however, at least indirectly involved in the conflict. Almost immediately after the beginning of the north Korean drive to the south, Japan felt the impact of the fighting, for only in Japan were there units of the American armed forces which could be rushed to the Korean front. Within a few weeks Japan was almost completely stripped of American tactical troops. This gave the Japanese an opportunity to make an extremely favorable, and not unexpected, impression on the occupation: they continued to be as orderly without American policing as they had been with it. This concrete demonstration of good behavior undoubtedly reinforced the determination of the United States to speed a peace treaty for Japan.

The Japanese provided indirect support for American forces in the field. Japanese nurses helped care for the American wounded in base hospitals in Japan. Japanese citizens banded together to provide the wounded with gifts in appreciation of their sacrifices, a practice strangely reminiscent of Japanese wartime behavior toward their own troops. Japanese also played an important role in such functions as handling supplies, servicing planes and vehicles, and reconditioning and manufacturing items of light equipment, especially for planes. Many of these activities released American personnel for other duties or eliminated the

necessity for mobilizing additional American noncombatant personnel.

The Korean conflict also had a direct effect on Japan's internal affairs. Increased demands for supply and transportation services, the employment of Japanese labor in American projects in Japan, the manufacture of light equipment, and other such activities resulted in a minor war boom. While this was a small and perhaps temporary contribution to Japan's economic welfare, it was nevertheless a welcome one.

The war next door immediately brought into sharp focus the problem of internal security. Within a short time after the outbreak of hostilities, General MacArthur authorized the Japanese government to establish a national police reserve of 75,000 men and to add 8,000 to the ranks of the National Maritime Safety Board, roughly the equivalent of the American Coast Guard. The total active strength of the Japanese police is 125,000, and the Maritime Safety Board had an authorized strength of 10,000 before the increase. Thus Japan has an internal security force, either active or reserve, totaling something over 200,000. The police reserves have no formal police or military status, but are given quasi-military training. Such forces constitute a valuable bulwark against possible internal insurrection and the core of a defense force against possible external attack.

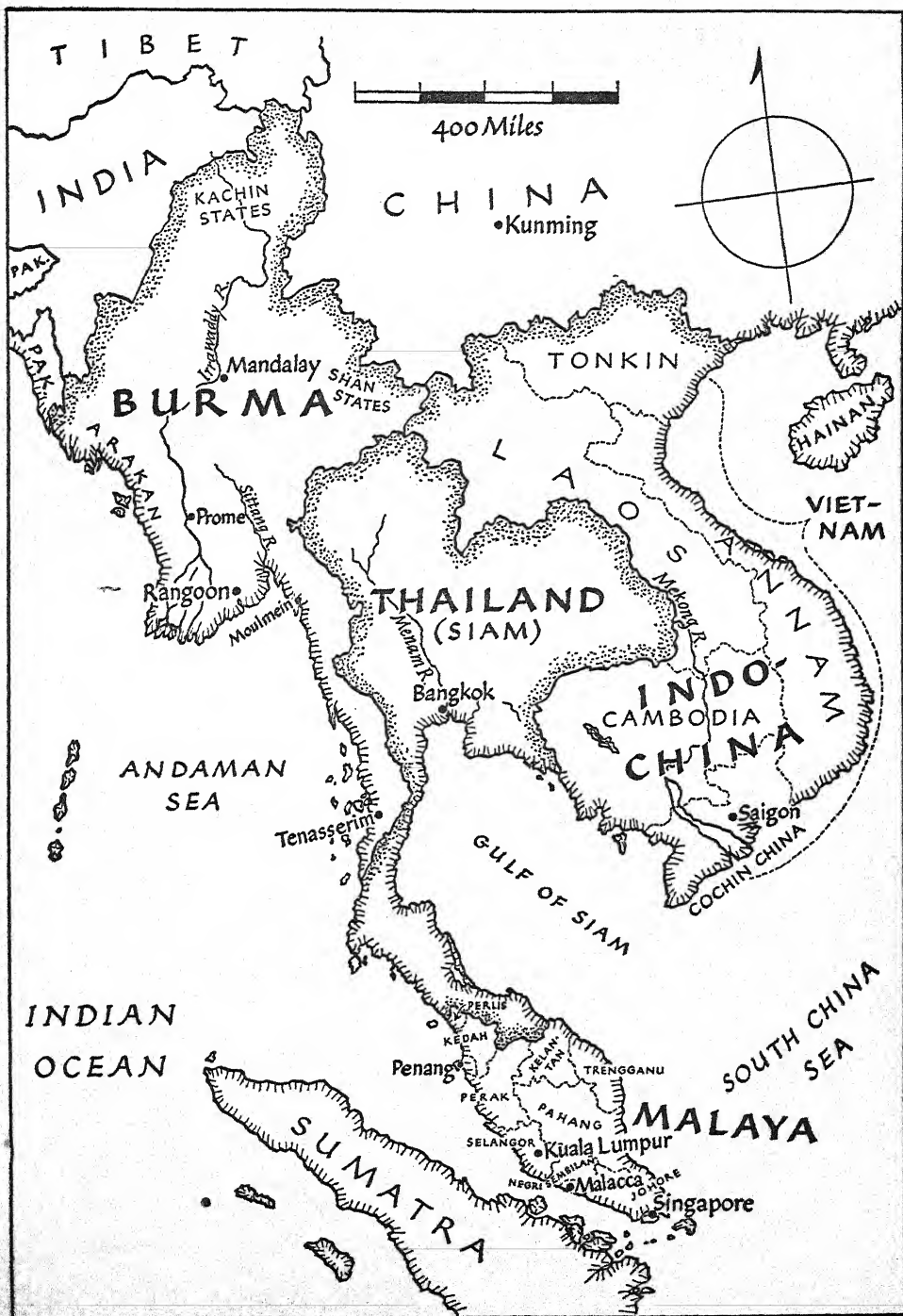
As the Korean conflict developed, the possibility of Japan's future rearmament began to loom larger and larger as an issue in both national and international politics. A Communist government in all of Korea would place Japan in a three-pronged pincers: Korea to the west, Soviet-occupied Sakhalin to the north, and the Soviet-controlled Kurile Islands to the northeast. There was also the vast bulk of a Communist China lying to the west.

The problem of guaranteeing Japan's national security in the midst of such a Soviet-controlled or Soviet-dominated complex was indeed a thorny one. In its proposals for a Japanese peace treaty the United States government suggested the establishment of a "cooperative responsibility between Japanese facilities and United States and perhaps other forces for the maintenance of international peace and security in the Japan area." The United States government also indicated that it envisaged the possibility of "U.N. assumption of effective responsibility" for

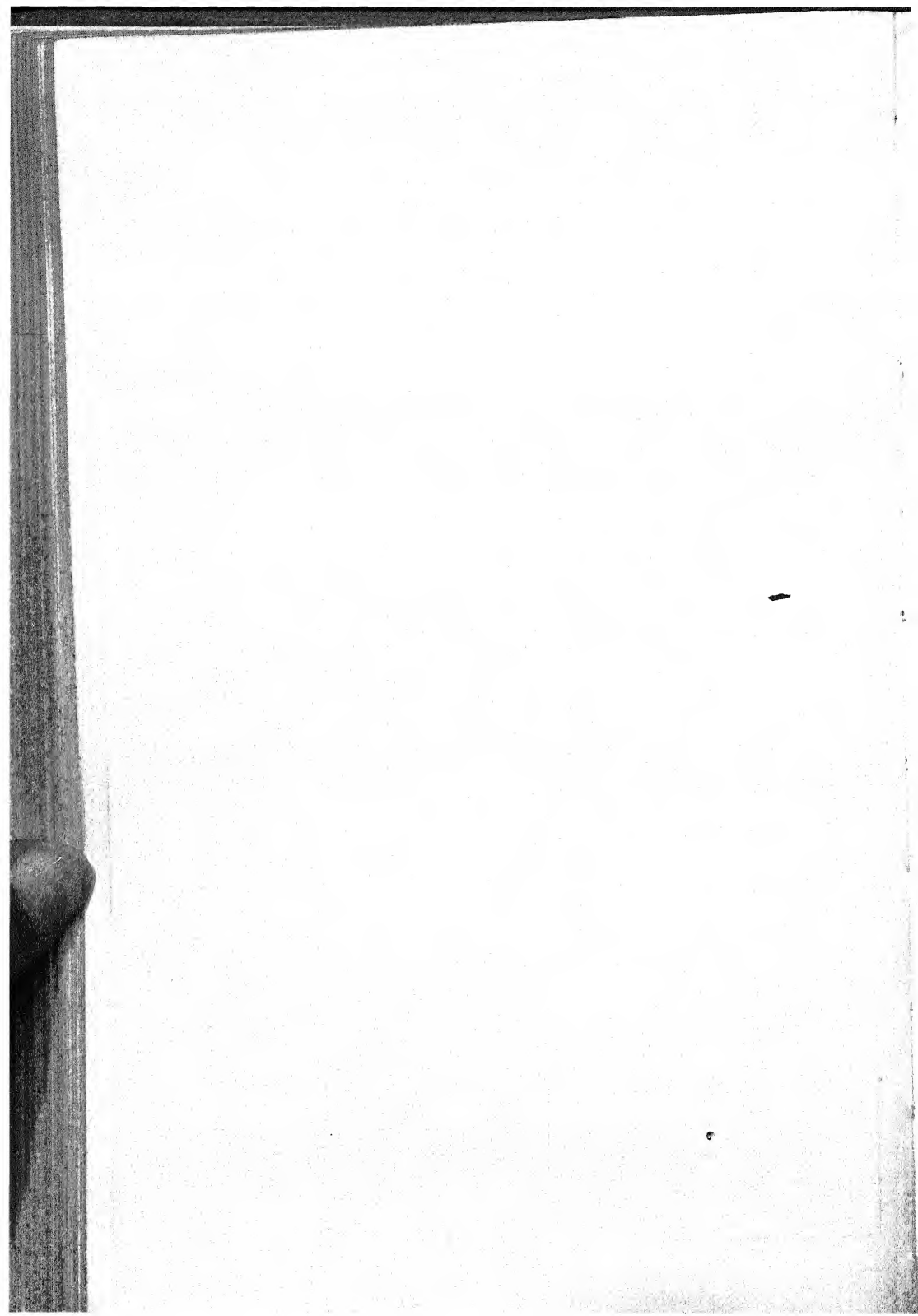
Japanese security. The establishment of significant Japanese national armed forces was apparently not contemplated.

Any effective reconstitution of Japan's armed forces would be far from simple. Even assuming that the recent victims of Japanese aggression would accept the rearming of Japan, formidable problems would still remain. Judging from the rapid recruitment of the national police reserve, manpower would not be a problem. On the other hand, in a world in the midst of rearmament the Japanese might not be able to depend on outside sources even for light armaments, and in that case would have to attempt to re-establish their own arms industry. It would certainly be a major drain on Japan's strained economy to reconstitute even a lightly armed army and navy, let alone an air force.

The stress in these pages has been on the responsibility of the Japanese themselves in developing a democratic political, social, and economic order, for success in that task must in the final analysis rest with them. Yet it would be completely unrealistic to disregard the world outside Japan as a factor of great importance in Japan's development. The nature of the world into which Japan emerged in the last half of the nineteenth century did much to encourage the extreme development of the tendencies toward militarism, ultranationalism, and aggression that were latent in Japanese society. The nature of the world in the second half of the twentieth century will do much to determine the success of the development of another tendency that the occupation has assumed is latent in Japanese society: the tendency toward democratic development.







# INDOCHINA

ELLEN HAMMER



WHEN the war ended in August 1945 the French Empire seemed, for many Frenchmen who were still smarting under the defeat of 1940, to promise a new power, prosperity, and prestige for their country. And no part of the empire outside North Africa seemed more desirable than Indochina. South of China and east of Thailand, Indochina extended over an area a third larger than France, and was inhabited by some twenty-five million people. It was the third most important exporter of rice in the world, and it also exported large quantities of rubber and maize. Its wealth lay not only in agriculture but also in minerals and timber; it had anthracite coal (most of which it exported), as well as iron ore, tin, zinc, phosphates, and tungsten.

Frenchmen had a privileged position in trade and investments in the country, with other foreigners virtually excluded from land ownership and mining.<sup>1</sup> Rice cultivation remained the province of the Indochinese and the Chinese, but the great rubber plantations in the south and the mines in the north were in French hands. The Indochinese economy was dominated by French banks, chief among them the powerful Bank of Indochina. In 1938 investments from abroad amounted to \$384,000,000, of which more than ninety-five per cent was held by Frenchmen.

The French had made a substantial economic and cultural investment in the country. They had built roads, bridges, and

<sup>1</sup> Indochina had accounted for only some three per cent of France's total prewar foreign trade, even though in 1936-8 a little over half of Indochina's imports came from France and its empire, which took roughly the same percentage of the colony's exports. After the war the French looked to Indochina to earn some of the dollars they needed so badly, since it was one of the few colonies in their empire which had exported more than it imported.

other public works. On the eve of the war 365,000 hectares of land were irrigated by a French-built irrigation and drainage system that was being extended to another 150,000 hectares. The French had constructed a dike system covering more than 80,000 hectares. They had also established two Pasteur Institutes, devoted to medical research and clinical activities, and the French School of the Far East, which studied Asian civilizations; and they had implanted French culture among the upper classes. Vietnamese nationalists were to criticize many, if not all, of these accomplishments as falling far short of the country's needs, but the investment that they represented for the French was an impressive one.

Nor was this the whole of the French interest in Indochina. During the First World War Indochina had provided more than half the loans and gifts made to France by its colonies, and more war material than any other part of the empire except North Africa. More than forty-three thousand Indochinese soldiers and almost forty-nine thousand workers had been sent to Europe. Indochina in 1945 appeared a valuable reservoir for France, which was rich neither in men nor in materials. And possession of Indochina meant a foothold in Asia—a "balcony on the Pacific," as Frenchmen were fond of saying—important not only militarily, but also for less tangible reasons of influence and prestige in Far Eastern and world affairs. Never well informed about or much interested in their extensive empire, Frenchmen in Europe tended to regard Indochina as a rich and exotic land vastly improved by French efforts and inhabited by a population friendly and grateful to France. This was the picture that had been left with them when the fall of France cut off Indochina from Europe.

The Indochinese Union was composed of five countries.<sup>2</sup> In Tonkin, Annam, and Cochinchina, along the coastal plains of the Indochinese peninsula, lived the Vietnamese, a people closely related to the Chinese.<sup>3</sup> Today they number some eight-

<sup>2</sup> The leased territory of Kwangchowwan on the southeast coast of China, which France returned to China in August 1945, was also included in the Indochinese Union.

<sup>3</sup> "Vietnam" was the name for the country used by Gia Long when he united Tonkin, Annam, and Cochinchina under his rule in the eighteenth century. He was the founder of the Nguyen dynasty to which Bao Dai belongs. "Vietnam" means "land of the south." The French called its people

een million, almost three quarters of the total population of Indochina. Bordering on Thailand, to the southwest, lay Cambodia with a population of some three million and, in the northwest, Laos with a population of a million, both with cultures influenced by that of India. A number of ethnic minorities also lived in Indochina, notably the Thai peoples in the mountains of northern Tonkin and the Moj in southern Annam.

Few bonds held the Laotians and the Cambodians to the Vietnamese, other than those constituted by their French rulers. The Vietnamese had once been united under the imperial court of Annam, but under France the three Vietnamese countries were kept administratively almost as separate from each other as from Laos and Cambodia. Cochinchina, which was occupied in the middle of the nineteenth century, was a French colony with a French representative in the Chamber of Deputies in Paris. Tonkin and Annam were acquired later in the century, when other ideas of colonization prevailed, and became protectorates; but in practice Tonkin, like Cochinchina, came under direct French rule, leaving only Annam to the nominal jurisdiction of the emperor at Hué. Cambodia too was a protectorate with a native king, as was the kingdom of Luang Prabang in Laos, the rest of that country being ruled directly by France.

Regardless of labels, effective authority was entirely in the hands of the highly centralized French administration. Policy was laid down in France, sometimes by parliament, more often by ministerial decree. It was implemented in Indochina by the French bureaucracy, which extended downward from the governor general, the resident superior of the protectorates, and the governor of Cochinchina to a network of lesser officials. At the lowest levels it included a "white proletariat," which filled jobs left to the native population in the colonies of other powers. The five areas of Indochina were represented in a Grand Council of Financial and Economic Interests; there was also a Colonial Council in Cochinchina; and other councils were to be found in the protectorates. All of these bodies contained Frenchmen as well as members of the indigenous population, were concerned generally with local economic affairs, and had advisory

"Annamites," of which "Annamese" is an anglicized version, but since the end of the Second World War, "Vietnamese" has come into common usage. It has been used here consistently in order to avoid confusion.

powers only. The old Vietnamese communal organization still survived in the villages, but it had no influence on the making of French policy for the country and was stripped of much of its one-time autonomy.

Indochina remained subordinated in every way to metropolitan France. Only a handful of Indochinese acquired French culture; few met the qualifications for French citizenship, and some who were qualified did not request it; the mass of the people had no representatives in the governments of either France or Indochina and were not literate in their own or any other language. As elsewhere in colonial Asia, a money economy was grafted upon the traditional subsistence economy. Taxes estimated in terms of the needs of the Western administration were imposed upon a population geared to another economic system, with the result that peasants paid as much as one fifth of their meager annual income to the government. The intrusion of Western economic and legal practices disrupted the traditional social and legal framework within which the people had regulated their lives. The small Gallicized élite found itself uprooted from the indigenous society; some of its members participated in the economic and administrative superstructure with which the French overlaid Indochina, while others became active nationalists opposed to French rule.

The Indochinese peasant lived generally in poverty, barely able to feed himself. He suffered under a grinding burden of debt, and French efforts did not alleviate his abject dependence on the usurer. Public works were built by native labor and paid for by native taxes, but they did not raise the miserably low living standards. Most of the population was crowded into Tonkin and northern Annam around the Red River delta. Famine was endemic there despite two annual rice harvests; and the north was dependent on rice exports from the rich and less populous province of Cochinchina. As in many other colonial countries, there was an overemphasis on producing raw materials and foodstuffs for export. Although "dry" secondary crops like maize were encouraged to vary the rice monoculture, they were largely exported. Industrialization, which might have helped to raise living standards, was not far advanced beyond such processing and light industries as sugar refineries, rice mills and distilleries, and paper, cotton, and cement factories. The French treated Indo-



china pre-eminently as a source of raw materials for France and as a market for French manufactures.

Cambodian and Laotian rulers had chosen French control in the nineteenth century as protection against possible encroachments from the Vietnamese and the Siamese; they were slow to find fault with the structure of French authority as it developed in their country. This was not the case in the Vietnamese lands. Vietnamese nationalism dated back to centuries of wars against Chinese invaders who had occupied the country for some thousand years; and the Vietnamese never fully accepted the French occupation. In the late nineteenth and early twentieth centuries, Vietnamese guerrillas battled France sporadically, led by mandarins who were impelled mostly by xenophobia and had little mass support. The ideal of these officials was to return to the old days when civil and religious power was vested in the emperor of Annam and exercised by the mandarinal bureaucracy.

This goal changed and broadened as the twentieth century advanced and foreign influences filtered into the country from southern China, Japan, and republican France. From China the Vietnamese learned of reform and then of revolution. The victory of the Japanese over Russia in 1905 encouraged nationalists, a number of whom began to look to Japan as a model and guide and organized the Vietnam Restoration League, headed by Prince Cuong De, a member of the Vietnamese royal family who had taken refuge in Japan. From France educated Vietnamese learned of democracy and the French Revolution; and in France Vietnamese workers and students made their first contacts with left-wing political parties and doctrines.

Canton in the 1920's became the center of the Vietnamese nationalist movement. Ho Chi Minh, a young Vietnamese who had been active in French Socialist and Communist circles (under the name of Nguyen Ai Quoc), arrived there after more than a year in Moscow and organized a Vietnam Revolutionary Youth League, which trained revolutionaries who went home to set up revolutionary cells. In 1930, in Hong Kong, he presided over the establishment of the Indochinese Communist party. A number of intellectuals and officials became Communists, attracted by the militant opposition of Communism to French imperialism; and they succeeded in extending the roots of the party

into the peasantry. The Indochinese Communist party was said to be some fifteen hundred strong in 1931 and to have a hundred thousand peasants affiliated with it through peasant organizations controlled by the party. It had links with the Comintern Far Eastern Bureau at Shanghai and with Communist movements in Thailand, Indonesia, and Malaya which Ho directed in 1930 and 1931 as chief of the Southern Bureau of the Comintern. In April 1931 the Indochinese Communist party was welcomed officially into the Comintern.

In the meantime, another party, the Vietnam Nationalist party, which was modeled on the Chinese Kuomintang, had been active in Tonkin. Founded in 1927, it attempted two years later, at Yenbay in Tonkin, an uprising that was put down by the French. This was followed by Communist-organized peasant demonstrations and a Communist attempt to set up their own regime in two provinces of Annam, which led the French to label 1930 the year of the Red Terror. The year 1931 was marked, in its turn, by what Communists and nationalists called the White Terror, as the French administration moved against them with the full weight of its military and judicial machinery. The year also saw the arrest of Ho Chi Minh in Hong Kong, but he was soon released. He disappeared from the political limelight, and after a while the word came that he was dead.

Tonkin and Annam were relatively quiet after this. The center of Vietnamese political activity shifted to Saigon, the capital of Cochinchina, where the press and politics had a certain freedom. Tran Van Giau<sup>4</sup> (who was later to play an important role in the Democratic Republic of Vietnam) arrived fresh from training in Russia to lead the Stalinist Communists, and a young Vietnamese student, Ta Thu Tau, returned from France in 1932 to lead a Trotskyite group.<sup>5</sup> One wing of this group joined the Stalinists the following year in drawing up a list of candidates for the elections to the seats open to Vietnamese in the Saigon municipal council. In the north, meanwhile, the Communists gradually revived their organization, keeping up their contacts in China and Laos.

In Europe the Communists decided to co-operate with other parties in the struggle against Fascism and a Popular Front

<sup>4</sup> See p. 256.

<sup>5</sup> Ta Thu Tau was killed in August 1945 by supporters of the Viet Minh.

government came to power in France in 1935. That same year, at a congress held at Macao, the Indochinese Communist party reaffirmed its adherence to the Comintern. It accepted the new Popular Front line which, in the French colonies, required native revolutionaries to work with, not against, their European rulers.

The French Popular Front ushered in a period of optimism among Vietnamese nationalists and Communists. They were encouraged by the promises made by Marius Moutet, the new Socialist colonial minister. But their optimism was short-lived, since few of the reforms for which they had hoped were carried out, and they received neither freedom of association nor the right to organize trade unions. The Trotskyites, who had refused to join the Popular Front, ran on their own independent ticket in Saigon in 1939 and won a sweeping victory. The Popular Front fell in France that year, and its Indochinese counterpart, which included a broad coalition of reform and revolutionary parties, went underground. When war broke out in Europe in September 1939, and the opposition of the French Communist party to the war led to the outlawing of the party by the French government, the Communist party was also declared illegal in Indochina. The French colonial administration threw into jail all the Communists and Trotskyites upon whom it could lay its hands.

There were some forty thousand Frenchmen in Indochina when the war began—members of the administration, the military, planters, traders, and others with financial and economic interests in the country. An uneasy minority, they were sandwiched in between two groups that far outnumbered them: the indigenous population in which they placed little trust, and the Japanese troops in China whose aggressive designs on Indochina were no secret. Many Vietnamese nationalists were in French jails. The French made little attempt to rally the Indochinese in opposition to Japan, missing what was to be their last chance to create a united front with the peoples of Indochina.

From 1940 to 1945 Japan gradually extended its control over Indochina. In June 1940, after his efforts to obtain aid from Great Britain and the United States had been rebuffed, Governor General Georges Catroux forbade the shipment of military supplies on the railroad connecting the Tonkinese port

of Haiphong with Kunming in south China over which the hard-pressed Chinese had been receiving war material. He also had to accept the stationing of a Japanese control mission on Indochinese territory. But his insistence on independence of action combined with his known Gaullist sympathies antagonized the men around Marshal Pétain, who ordered him to resign. Admiral Decoux, his successor, a firm supporter of Pétain, tried in turn to withstand further ultimata and also failed. Vichy finally accepted a face-saving formula on August 30, 1940, by which, in exchange for Japanese recognition of French sovereignty over Indochina and of the territorial integrity of the country, France recognized Japan's special interests in the Far East, pledged itself to discuss economic conventions, and agreed to grant military facilities which the Japanese promised to evacuate once they had defeated China.

On September 22, 1940 Decoux yielded to Japanese demands that a "limited" number of Japanese troops be allowed to land immediately at Haiphong and that three Japanese air bases be established in Tonkin, garrisoned by 6,000 troops. This did not stop the Japanese Canton Army, already on the Indochinese frontier, from launching an all-out attack on the Tonkin cities of Langson and Dong Dang. The drive met slight resistance, but French protests brought a rapid Japanese withdrawal and new Japanese assurances that French sovereignty would be guaranteed. French dealings with the Japanese were henceforth to be conducted by bargaining and negotiation, with the French surrendering more and more of the substance of sovereignty in exchange for nominal confirmation of its outward forms.

Thailand also took advantage of French weakness. A long-standing dispute over Cambodian and Laotian territory that Thailand had been forced to cede to France at the turn of the century was revived by Marshal Pibul Songgram, the Thai dictator, who launched his campaign against France to coincide with Japanese pressure. Undeclared war between Thailand and Indochina began in January 1941. The Japanese stepped in and imposed an armistice which was formalized on May 9, 1941 by the Treaty of Tokyo under which the three rich rice-growing Cambodian provinces of Battambang, Siemreap, and Sisophon went to Thailand, as did parts of Laos on the right bank of the Mekong River.

During 1941 the Japanese extended their control to the south when their troops arrived in force to occupy strategic areas in Cochinchina. After Pearl Harbor Decoux agreed that the French administration would do nothing to hinder the Japanese war effort against the Allies. In a series of economic accords supplementing these military control agreements, the Japanese promised to take Indochina's surplus in rubber, rice, and minerals in exchange for manufactured and industrial products, which were badly needed in Indochina. The demands of the Japanese under these accords became more exorbitant annually; they succeeded in milking the country economically, while few of the products they had promised to supply ever arrived. Even this one-sided tribute stopped as Allied bombs disrupted land and sea traffic between Indochina and Japan.

It took the French a long time to set up any organized resistance to the Japanese. A few Frenchmen, at great personal risk, sent information to the Allies from within the country, and a few others escaped to join the Free French; but the majority of the French in Indochina, if not happy (for racial as well as economic reasons) about their subordination to Japan, were not unsympathetic to the Fascism and defeatism preached by Vichy. Only in 1944, when an Allied victory appeared more than probable, did they change their tune. French military men headed by General Mordant began to prepare almost openly for the day when they could move against the Japanese. De Gaulle asked Admiral Decoux to continue in power in order to hide from the Japanese the activities of the growing French resistance. But as the Japanese military position worsened and an Allied invasion seemed imminent, the Japanese could not tolerate an opposition movement at their backs. On March 9, 1945 they presented Decoux with another ultimatum, this time that he join them in the "joint defense" of Indochina. Decoux tried to temporize as he had in the past, but the Japanese were no longer in a mood for maneuvers. They unseated the French administration and took over the country. The French put up a scattered resistance, only a small force under General Alessandri fighting its way out to the Chinese frontier.

The Decoux regime had served the Japanese so well that for a long while they made little attempt to find support among nationalist groups in Indochina, as they had in other parts of



occupied southeast Asia. But in 1945 the Japanese turned to their friends among the Vietnamese. Some of these looked to Prince Cuong De, the royal exile who was still in Japan, to assume leadership in the Vietnamese lands, but in March 1945 the Japanese (apparently anxious to preserve continuity of leadership) passed him over in favor of Bao Dai, then ruling as emperor of Annam. On March 11 Bao Dai proclaimed the independence of the empire of Annam, uniting Tonkin and Annam; and the country was soon given the old name of Vietnam, in an effort to capitalize on nationalist sentiment. The king of Cambodia declared his country independent on March 13, and the king of Luang Prabang in Laos followed suit on April 20.

The Japanese allowed an increasing amount of autonomy to these native regimes. Cambodia and Laos, where there were few Japanese troops, achieved real self-rule; this was less true of the Vietnamese provinces. The fact that the Japanese kept direct control over Cochinchina contributed to the weakness of the Bao Dai regime, and few Vietnamese nationalists joined it. Bao Dai tried vainly to bring back as his premier a prominent Catholic layman, Ngo Dinh Diem, who had once resigned from that office rather than be subservient to the French. Tran Trong Kim, whom Bao Dai finally appointed, was a respected scholar; because he was a leading Freemason, he had been harshly treated by the Decoux administration acting under Vichy decrees (which it followed as blindly against Jews and the Free French). With Tran Trong Kim, Bao Dai adapted himself to the Japanese, trying to win concessions for Vietnamese nationalism. He was supported by Cuong De's Vietnam Restoration League, as well as by some other nationalist groups, but his government had no real power. The country's grave economic difficulties (resulting from the interruption of rice imports from Cochinchina due to Allied bombing attacks, the dispersal of rice stocks by the Japanese, and floods) led to famine with which Tran Trong Kim was at a loss to cope.

Many of the active and experienced nationalist and revolutionary Vietnamese withheld their support from Bao Dai. They were opposed to the Japanese as well as to the French. The Communist party had attempted a rising in Cochinchina during 1940 which was put down by the French. There had been anti-

French uprisings in the Langson area of Tonkin and at Duo Long in northern Annam, but those too had failed. Weakened by French military and police action, and by the jailing of many of their leaders, Vietnamese revolutionaries shifted operations once again to southern China. There, in Luichow in March 1941, the Communists along with other groups set up the Viet Nam Doc Lap Dong Minh Hoi, the Vietnam Independence League, to fight against Vichy and Japan on the side of the Allies. After more than a decade of political obscurity, Ho Chi Minh re-emerged in Vietnamese politics to head the new organization which came to be known popularly as the Viet Minh.

The Chinese government welcomed Vietnamese revolutionaries, not just for their help in the war against Japan, but also because the Chinese had little enthusiasm for the French in Indochina. Only in part was this the result of Chinese ambitions to return to Tonkin, which they once had occupied, for the Chinese had several scores to settle with France. They resented the French for their prewar economic penetration of Yunnan Province, for closing the Haiphong-Kunming Railway, and for permitting Indochina to become a Japanese base in the war against China. The Viet Minh, however, independence-minded though it was, was not much to the taste of the Chiang Kai-shek government, which distrusted its left-wing leadership. In October 1942, in an effort to restore more of a balance among Vietnamese nationalist leadership and so counteract the influence of the Viet Minh, the Chinese sponsored the creation at Luichow of what they intended as a more docile Vietnamese coalition, the Vietnam Revolutionary League. Most of its members belonged to the old Vietnam Nationalist party, but they also included people from other groups, among them two parties working with the Japanese: the League for the Restoration of Vietnam and the Great Vietnam Nationalist party.

Members of the Viet Minh also joined the new league. In 1942 Ho Chi Minh was in a Chinese jail, where he remained for more than a year, charged with being a French spy; when he was released he became a member of the central committee of the Vietnam Revolutionary League. The Viet Minh, as a section of the League, received a Chinese government subsidy and military training and arms for its members. But in China the

Viet Minh co-operated only nominally with the other parties in the League; its organization inside Indochina it kept separate and under its own exclusive control.

It began to help downed American pilots get out of Indochina, and received some military aid from the Americans in Kunming. The Viet Minh claims to have started operations against the Japanese in northern Tonkin in 1944. In any event, by the summer of 1945 it had large guerrilla forces, the principal leader of which was Vo Nguyen Giap, a Communist who had learned the techniques of guerrilla war in Yenan, the capital of Communist China. In northern Tonkin Giap and Ho organized the Vietnamese, as well as a number of the minority peoples who lived in the Tonkinese mountains.

The Viet Minh program was a commentary upon eighty years of French rule in Indochina. In protest against decades of arbitrary police methods, political arrests, few personal liberties, and little freedom of press or assembly, it called for a popular representative assembly to draw up a republican constitution guaranteeing democratic rights and privileges. It promised an end to French taxes which were to be replaced by others based on "democratic principles." The aim of the Viet Minh was a national economy, with industry developed and agriculture modernized and improved. With this was to come a program of social legislation, not unlike that which the Popular Front had brought to France, but revolutionary for Indochina—the eight-hour day, unemployment insurance, a minimum wage, aid to large families. Education was to be developed at all levels, as was intellectual life generally. Medical facilities were to be increased. The Viet Minh concluded its declaration of policy by asserting its belief "in the sacredness of those principles for which the world has already shed and is shedding so much blood, and which are defended by the great democratic world powers—the United States, Britain, Russia and China."<sup>6</sup>

After March 9, 1945, the Viet Minh invited the French of Indochina to join them against the Japanese, but only a few accepted. Putting to effective use the contacts and apparatus it had inherited from the Communist party, the Viet Minh reestab-

<sup>6</sup> "Declaration of the League for the Independence of Indo-China," translated in Lawrence K. Rosinger: "France and the Future of Indo-China," *Foreign Policy Reports* (New York), May 15, 1945, p. 64.

lished a framework of organization. It created a liberated zone of six northern Tonkinese provinces in May 1945. Ho Chi Minh had set up his headquarters in northern Tonkin by then, and there was some guerrilla war throughout the north and center of Tonkin. In August 1945, at the time of the Japanese surrender, the Viet Minh held a national congress. It appointed a People's National Liberation Committee to establish a new regime and unanimously elected Ho Chi Minh president.

The fall of Japan led to political upheaval throughout the Vietnamese lands. The Viet Minh was a broad national movement at that time and the Tran Trong Kim government did not have sufficient popular support to stand in its way. Kim declared Cochinchina a part of Vietnam, then resigned on August 15, 1945; and Bao Dai kept his throne only a little longer. He abdicated on August 26, stating: "Henceforth we shall be happy to be a free citizen in an independent country. We shall allow no one to abuse our name or the name of the royal family in order to sow dissent among our compatriots."<sup>7</sup> Viet Minh-sponsored local committees sprang up in Tonkin, Annam, and Cochinchina. Although it was generally a peaceful revolution there was sporadic violence, particularly in the south against Vietnamese who had held high office or much property under France or whose politics had antagonized local revolutionaries.

At Hanoi, the capital of Tonkin and one-time capital of the Indochinese Union, Ho Chi Minh reorganized the National Liberation Committee, bringing in several moderate nationalists, one a Catholic, to form a provisional government. Of its fifteen members, eight belonged to the Viet Minh and five of these were Communists. Bao Dai, who had renounced his title and was known as Citizen Vinh Thuy, was appointed Supreme Political Adviser. On September 2 the new Democratic Republic of Vietnam, claiming authority over Tonkin, Annam, and Cochinchina, issued its declaration of independence. It began with the ringing words of the American Declaration of Independence: "All men are created equal. They are endowed by their creator with certain unalienable rights, and among these are life, liberty and the pursuit of happiness."

In later years, when Frenchmen looked back over the

<sup>7</sup> *La République*, No. 1, Hanoi, October 1, 1945. Translated in Harold R. Isaacs: *New Cycle in Asia*, New York, 1947, p. 162.

events of 1945, they singled out three happenings to explain their postwar difficulties in Indochina. Vietnamese nationalism long pre-dated the war, but had these three things not occurred, it probably would not have erupted, as it did, into open and far from unsuccessful revolution. First, there was the Japanese coup that brought to an end French rule over Indochina. No matter how far the French administration had come under the thumb of the Japanese before March 1945, it had succeeded in preserving intact at least a formal sovereignty, and the Indochinese peasant did not stop to question whether the power behind his local administrator was centered in Tokyo or in Vichy. After March 9, however, the administrators ceased to be Frenchmen, and the illusion of European supremacy, once shaken, would be hard to reestablish.

Second, there was the decision made at the Potsdam conference in July 1945 to send British and Chinese troops into Indochina, dividing the country at the 16th parallel, to disarm Japanese troops and liberate Allied war prisoners. This was a job that had to be done, and there were not enough French troops on hand or near by to do it. Bringing in foreigners, however, underlined to the native population the weakness of the French at a time when they needed, above all, to appear strong if they were to reassert their prewar authority. Worse, from the French viewpoint, it placed Indochina under two separate regimes; and if the British had some sympathy for their French allies, as Europeans and fellow rulers of empire, the Chinese, who were neither, had not only little reason to sympathize with French difficulties, but good reason to try to exploit them.

Third, neither the British nor the Chinese arrived in Indochina immediately after V-J Day. They were there before the end of September but by that time the Democratic Republic of Vietnam had proclaimed its independence and the French position in the country had been seriously, if not irredeemably, compromised. French authority had not only been overthrown, but had been replaced by a new authority. The Republic maintained peace and order almost undisturbed throughout Vietnam and it operated the public services. If the French were to return to Indochina, they had no longer simply to fill a political vacuum, they had to expel the elements that had already filled that vacuum; and to accomplish this in the fall of 1945, they were



dependent almost entirely upon the British and the Chinese.

The 16th parallel separating the Chinese zone of occupation in the north from the British in the south bisected Annam, leaving Cochinchina and Cambodia to Britain, Tonkin and Laos to China. Although Cochinchina had not been united with the rest of Vietnam until mid-August, it too had groups that attempted to use Japan to further the ends of Vietnamese nationalism. Notable among them were two religious movements, the Cao Dai and the Hoa Hao. The former, which was the more influential, was believed to have one million members; the Hoa Hao or Dao Xen Buddhist sect claimed another four hundred thousand. The Cao Dai was a highly eclectic cult that drew for its doctrine upon the great religions of East and West and worshipped God in the form of an eye. When Pham Cong Tac took over leadership of the Cao Dai in 1936, he and a small group of leaders oriented it toward Cuong De (See p. 225) and Japan. The French were wary of the movement and when war broke out they exiled Tac to Madagascar. They placed strict controls upon the Caodaists, but Cao Dai leaders continued to work with the Japanese, swinging support to them openly after March 9, 1945.

When Japan capitulated to the Allies, representatives of the Cao Dai and the Hao Hoa and others, including the Trotskyites, took over power in Saigon. They were challenged a few days later, in the name of the newly established republic in the north, by a Communist-Viet Minh coalition. Negotiations between these two groups led to a broader coalition, which set up a Committee of the South to rule Cochinchina under the ægis of the Ho Chi Minh government in Hanoi. Immediately confronted with a major problem, the impending landing of British troops to take over from the Japanese, most members of the Committee of the South adopted the position that independence could be safeguarded by negotiation once the British arrived. The Caodaists and the Trotskyites, who disagreed violently, wished to oppose the landing. Against both these dissident groups, the majority of the coalition in the Committee of the South took forceful military and police action.

The Committee of the South concentrated on establishing good relations with the Anglo-Indian occupation troops headed by General Douglas D. Gracey. In this they were unsuccessful.

The British had no political mission other than to maintain order, but to do that they had first to decide which groups to support and which to oppose. Order to the British seemed to mean re-establishing the prewar status quo; it meant active support of the French who arrived with them and of the other Frenchmen left over from Decoux's regime whom the Japanese had interned and whom the British found in Saigon, still disarmed.

When clashes broke out between the French and the Vietnamese, Gracey declared martial law. He supported the French and armed them; he even used Japanese soldiers against the Vietnamese. On September 23 he permitted a French contingent to move on the headquarters of the Committee of the South and take over the government of the city. Guerrilla warfare broke out between the French and the Vietnamese. French troops landed in Cochinchina in the fall and winter of 1945 under the command of General Jacques Leclerc, the liberator of Paris, to continue what Leclerc called "mopping up" operations; and Admiral Georges Thierry d'Argenlieu, an ardent Gaullist and Carmelite monk, arrived in Indochina to be high commissioner (the postwar name for governor general).

By March 1946 the British had returned formal control over Cochinchina to the French. They had done their job well, as far as France was concerned—better than many Frenchmen, who feared possible British designs on Indochina, had expected they would. Legally, the position was clear; Cochinchina was French once again. Practically, the situation was much more obscure; war raged throughout the countryside—even Saigon was not entirely safe for the French—and the Committee of the South, operating out of secret headquarters, claimed to rule over Cochinchina in the name of the Republic.

In Cambodia the French had more success. Son Ngoc Thanh, premier of that country under the Japanese, had held a plebiscite soon after V-J Day in which the people voted to end the French protectorate; but he did not remain premier long. The British permitted the French to seize and then deport him. A new administration assumed power under King Norodom Sihanouk, and on January 7, 1946, France and Cambodia signed an agreement re-establishing French control over the country.

North of the 16th parallel, under the Chinese occupation, events took a different turn. The Ho Chi Minh government re-

mained in power, and its police and army were permitted to keep their arms. It singled out three serious domestic problems to deal with—imminent famine, widespread illiteracy, and the need to broaden its political base. To avert the famine that was widely expected, it launched a nationwide campaign aimed at supplementing the inadequate rice yield by planting such dry crops as sweet potatoes, maize, and soybeans, which could be harvested before the rice was grown. All land lying fallow was requisitioned by law and turned over to anyone who would cultivate it; it reverted to its owners after the harvest. Men and women of all ages and different social groups, soldiers as well as civilians, worked together in the fields and on the dikes. There is no way of checking Vietnamese claims as to the amount by which they increased their food production, but one thing at least is certain—the famine did not come.

At the same time, while the Chinese were still in Indochina and economic difficulties were acute, the Republic set about reducing illiteracy. Before the war some eighty per cent of the population was illiterate. The Republic ordered compulsory instruction in reading and writing Quoc-ngu, the romanized script in which the Vietnamese language is written, and imposed a series of penalties on those who did not learn to read and write.

The Republicans also tried to place their government on firmer popular foundations. Although Bao Dai's membership in the government provided a certain continuity with the old imperial regime, Ho Chi Minh sought a mandate from the people. He immediately announced plans for general elections—the first in Vietnam's history—in which all men and women over eighteen years of age could vote.

All of this was done with the tacit assent of the Chinese, who had no intention of making it easy for the French to come back to Indochina. They disarmed all Frenchmen and would not allow French administrators to enter Tonkin. The Chinese had their own plans for Vietnam. A number of Vietnamese nationalists had come to Tonkin with the Chinese forces, and through them the Chinese hoped to win control of the new Vietnam Republic.

The Vietnamese who arrived in the train of General Lu Han's Chinese armies were the leaders of two parties. One was the old Vietnam Nationalist party, which still enjoyed a certain

prestige in Vietnam. The other, which took the name of the wartime Vietnam Revolutionary League, was a smaller group. Both parties were strongly xenophobic, far more bitter against the French than was the Viet Minh, and opposed to any compromise with France. Supported by the Chinese army, they gained control over large areas of Tonkin in the fall of 1945. Ho Chi Minh could not ignore the strength they represented. He promised the Vietnam Nationalist party fifty seats in the national assembly to be constituted after the elections, and the Vietnam Revolutionary League twenty seats.

The elections that were held on January 6, 1946—clandestinely in Anglo-French-occupied Cochinchina, openly in Chinese-occupied Tonkin and north Annam—resembled a plebiscite rather than the organized elections by secret ballot known in the West. But the wide popular response they awakened was unmistakable, as was the enthusiastic support given to Ho and others who stood, often unchallenged, as candidates. Meeting for the first time on March 2, 1946, the newly elected national assembly approved Ho's new "national union cabinet," which, though drawn mostly from the Viet Minh, also included members of the Vietnam Nationalist party and the Vietnam Revolutionary League.

The French by this time had made substantial concessions to persuade the Chinese to leave Indochina. These were formalized, after months of negotiation, in the Chinese-French agreements signed at Chungking on February 28, 1946. France renounced all extraterritorial rights and concessions in China, guaranteed exemption from customs and transit duties to Chinese merchandise shipped over the Haiphong-Kunming Railway, promised a free zone for Chinese goods at Haiphong, and agreed to give to China ownership and management of the Chinese sections of the railway which the Chinese government had requisitioned during the war. Also at issue between the two countries was the status of the more than four hundred thousand Chinese resident in Indochina and prominent in its economic life. In Indochina, as throughout much of southeast Asia, they were the middlemen of the country. They were active not only in trade and usury, but also in industry; they owned most of the rice mills in Indochina; and their affluence and enterprise, combined with their practice of sending their profits home to China rather

than investing them in the countries where they had been amassed, did not endear them to the native population. The Chinese-French agreement confirmed and stabilized the existing position of Chinese nationals in Indochina. They were assured the legal and judicial rights of French nationals, and the fiscal rights of Indochinese.

The French, in exchange, were free to bring back their troops to northern Indochina. The Chinese, at least, had agreed to that. But what about the Vietnamese? Would the French have to fight before they could set foot in Tonkin? Negotiations between France and the Republic had started in August 1945 and had never really stopped; even when war broke out in Cochinchina, French emissaries in Hanoi continued to see members of the Ho government in Hanoi. The pressures on both sides were strong for compromise. The French were concerned, above all, with landing peacefully in Tonkin and with protecting the more than twenty thousand Frenchmen living there. The Vietnamese, for their part, needed a breathing spell; they had to attend to serious economic difficulties brought on by flood and the imminence of famine. In addition, they knew that if the French did not come, the Chinese would be free to strip the country and might even take it over.

Opportunism on both sides thus dictated the agreement that was signed in Hanoi on March 6, 1946. France recognized the Democratic Republic of Vietnam as a "free state with its own government, parliament, army and finance, forming part of the Indochinese Federation and the French Union." The French promised a referendum to determine whether the three Ky (provinces)—Tonkin, Annam, and Cochinchina—should be united. In return, the Vietnamese agreed not to oppose the French army when it arrived in Tonkin and northern Annam to relieve the Chinese. An annex to the March 6 agreement fixed the number of troops in the north at twenty-five thousand, of which fifteen thousand were to be French and ten thousand Vietnamese, under over-all French command. Permitting the French army to return unchallenged to Vietnam was a major step backward from independence, which Ho had a hard time justifying to some of his supporters. But the Vietnamese counted on the provision specifying that French troops were to remain only a short time. They were to be withdrawn in five equal an-



nual installments; none would be left in Vietnam by 1952.

In Laos, as in Vietnam, the Chinese occupation had provided a protective screen behind which a nationalist regime had consolidated itself in power. A Free Laotian movement forced the abdication of King Sisavong Vong, set up its own more representative government, and then brought him back to the throne as the constitutional leader of an independent country. Only after the Chinese withdrew could the French return to Laos, and the Chinese troops were in no haste to leave. China did not withdraw the last of its troops from Indochina until midsummer of 1946. The French promised Laos, as they had Cambodia, to restore the areas taken by Thailand in 1941;<sup>8</sup> and in both countries they played upon the fear of Vietnamese and Thai aggression. On August 27, 1946 they signed an agreement with Laos (recognizing the union of the country under Sisavong Vong, formerly king only of Luang Prabang) much like that with Cambodia, by which they restored the prewar protectorate in modified but not radically changed form.

By the summer of 1946 the French had thus reached agreements with the three regimes ruling Indochina—the Democratic Republic of Vietnam, the Kingdom of Cambodia, and the Kingdom of Laos—but the area was not quiet. Free Cambodians and Free Laotians (known as Issaraks or free men), dissatisfied with the accords signed with France, took to the bush against the French, and a number of them fled to Thailand. In Vietnam, clashes were unavoidable with French and Vietnamese troops so close together. Had an atmosphere of understanding and co-operation existed between the two peoples, these might have been smoothed over, but the accord of March 6, 1946 was little more than an armistice that provided a transient illusion of agreement where no agreement actually existed. Even though the March 6 treaty had allowed French troops to move peaceably into Tonkin and north Annam, the situation was potentially grave. Cochinchina was still nominally under French control, the French were trying in vain to pacify the area, and no referendum was in sight.

"Unity and independence" was the demand that the Vietnamese put forward at conferences with the French, first at

<sup>8</sup> On November 17, 1946 the French signed an agreement to this effect with Thailand in regard to both Laotian and Cambodian territory.

Dalat in Annam during the spring of 1946 and later in France at Fontainebleau during July and August 1946. By unity, they meant the unconditional inclusion of Cochinchina within Vietnam, not merely the promise of a referendum at some indefinite date (it would be held as soon as peace was restored, the French said). They claimed Cochinchina by ethnic, cultural, and historical right as well as by economic necessity. The French, however, had good reason for wanting to separate Cochinchina from Vietnam: the separation would safeguard their considerable economic interests in the province and emasculate the Republic from the start. Cochinchina, with its large rice fields and rubber plantations, was the most economically developed and therefore the richest part of Vietnam, and three fifths of all French holdings in Indochina were in Cochinchina.

By the March 6 agreement, the Vietnamese had accepted limitations on their independence—they were to have a “free” (not an “independent”) state, and it was to belong to the Indochinese Federation and the French Union. But only at Dalat and Fontainebleau did either side get around to telling the other what it had in mind by these words. Use of “free” was a semantic compromise; how free Vietnam would be depended upon how many of the attributes of sovereignty it would have to share with the Indochinese Federation and the French Union. The latter, the new postwar name for metropolitan France and its empire, had not yet come into legal existence, for the French did not adopt a constitution for the Fourth Republic until October 1946. But if the place of Vietnam within the French Union could only be guessed at during the French-Vietnamese negotiations, each side had its own definite idea of the Indochinese Federation. The Vietnamese saw it as little more than a formal link between the several independent parts of Indochina; the French wanted it to be a real entity with considerable power through which France would continue to exercise a decisive control over Vietnam (with or without Cochinchina), Laos, and Cambodia. They used federation as an excuse for attempts to break up Vietnam, proposing the establishment of a separate Moi state in 1946. Two years later they encouraged a minority group in Tonkin to proclaim itself a separate Thai state. Within the framework of federation the French hoped to counterbalance the power of the Republic by keeping Cochinchina separate, by

maintaining French influence in Laos and Cambodia, and by insisting on a direct French voice in the working of the federal machinery. Thus, on independence, as on unity, the French and the Vietnamese were diametrically opposed during the spring and summer of 1946.

French policy in these crucial days was made in Paris and in Saigon, and it was not always the same in both places. In France, liberal ideas of empire had evolved among the Free French during the war. These ideas had a following not only among leftists but also among those who wanted to strengthen the empire against threats to French control, both from nationalists in the colonies and from critics abroad (notably in the United States, which the French suspected of desiring to see Indochina under an international trusteeship). The French Provisional Government had promised on March 24, 1945 to transform the Indochinese Union into an Indochinese Federation after the war, to develop it economically, culturally, and socially, and to give it broader economic and administrative autonomy. Politically the structure of French control was not to be substantially altered, and the country was to remain divided into five parts. But the proclamation of the Vietnam Republic six months later and the March 6 accord, which recognized the Republic, turned much of the March 1945 declaration into a dead letter. The old colonialism was out of date. That, at least, was the viewpoint of a number of officials in Paris and of some of the emissaries sent out to Indochina. It was not the view of Admiral d'Argenlieu or of most of the men around him.

The majority of the Frenchmen in Indochina, colonists and administrators alike, refused to recognize that their position in the country had changed since the war. They were opposed to making any concessions to Vietnamese demands. D'Argenlieu himself seemed never to have wholly accepted the March 6 accord as superseding the 1945 French statement of Indochina policy. He pursued an independent course, supporting groups and individuals who opposed the Republic. He made abortive efforts to persuade the Annamese royal family to return to the throne. Among the small Cochinchinese bourgeoisie, he found an unrepresentative group of Cochinchinese separatists, almost all of them French citizens, who feared the encroachment of the Hanoi government upon their privileges. He drew upon them

to set up a puppet regime in Cochinchina, and on June 1, 1946 recognized this government as a "free republic." He permitted French troops to move into the Moi Plateaux in southern Annam, despite an agreement with the Republic to maintain the military status quo, which would have left these minorities under Vietnamese rule. And finally, in August 1946, he convened a second conference at Dalat, a so-called "federal" conference of Laotians and Cambodians as well as people from Cochinchina and southern Annam, areas claimed by the Republic but still governed by France.

D'Argenlieu seemed to be trying to settle the status of Cochinchina and the organization of the Indochinese Federation, the very subjects the Vietnamese had come to discuss with the French at Fontainebleau. To the Vietnamese delegates in France the second Dalat conference seemed designed to confront them with a *fait accompli*. Encouraged by the French left-wing parties and press, they broke off negotiations with France. All that was salvaged from the months of negotiations since the March 6 agreement was a *modus vivendi* signed in Paris on September 14, 1946 by Ho and Marius Moutet, the minister for Overseas France, which provided safeguards for the economic and cultural position of Frenchmen in Vietnam—equality of treatment and status with the Vietnamese for French nationals and property, priority for French advisers and technicians, no change in the status of French property or enterprises without the approval of the French government, and the free functioning of French schools in Vietnam. It also provided for an Indochinese customs union and a single Indochinese currency. And it called for an end to all acts of hostility and violence in Cochinchina. But even this agreement, which skirted the major issues between the two governments, was never fully carried out.

Inside Vietnam, during this period of negotiations with France in the spring and summer of 1946, the alignment of political forces changed. The Viet Minh took military and political steps to consolidate itself in power. As members of the Ho government, some leaders of the Vietnam Nationalist party and the Vietnam Revolutionary League had shared responsibility for the March 6 agreement, but they soon made clear their opposition both to it and to the Viet Minh. By this time, however, their Chinese friends had left the country, and the French troops who

replaced them did not share the Chinese army's feelings for its Vietnamese protégés. Convinced by the militant xenophobia of the Nationalist party and the Revolutionary League that the two groups constituted a serious threat both to internal order and to the March 6 agreement, the French joined the Viet Minh in police and military action against them; and some of their leaders fled to China. When the National Assembly met for its second session in October, the Vietnam Nationalist party filled only twenty of its fifty seats, the Vietnam Revolutionary League seventeen of its twenty. Having taken advantage of the months of relative peace ushered in by the March 6 agreement, Vo Nguyen Giap had by this time strengthened and extended the Vietnamese army.

The National Assembly adopted a constitution at its fall session, declaring Vietnam to be a democratic republic that included Cochinchina, Tonkin, and Annam. The constitution provided for a single-house legislature, cabinet government, and a president. It guaranteed democratic liberties to its citizens and paid special attention to the problems of the ethnic minorities inhabiting the country. But the Vietnamese had little respite from war in which to try out their constitution.

Report had it that Vo Nguyen Giap and an extremist wing of the Viet Minh had taken over control of the country, imposing upon Ho, when he returned from France, a policy of more intransigent opposition to the French than the President would have liked. But there is little evidence that Ho at any time lost control of his government. Relations with the French worsened rapidly in the fall of 1946, and this situation was reflected in the new Vietnamese cabinet, announced in November 1946, in which the number of Communist seats was increased from two to five.

There was no mutual trust between the French and the Vietnamese, and the uneasy armistice inaugurated by the March 6 agreement could not go on indefinitely. It was breached violently in November at Haiphong where the French had established their own customs control, in violation of the September *modus vivendi*. At first, the local French and Vietnamese commanders achieved a peaceful settlement of the Haiphong incident, but this was upset on orders from the French high command, which decided to teach the Vietnam Republic a lesson. The French bombarded the city on November 23, killing thou-



sands of Vietnamese. There was also a bloody incident at Langson the same month. In Cochinchina there was still no sign of a referendum. When the first president of the Cochinese "republic," Nguyen Van Thinh, hanged himself for lack of support and lack of power, the French replaced him with another puppet, Le Van Hoach. Tension and distrust of the French heightened among the Vietnamese, who in their turn attacked the French in Hanoi on December 19, 1946. War spread throughout Tonkin and north Annam, and flared up again in Cochinchina.

In France, a government of Socialists, a party that sympathized with the aspirations of the Vietnamese, was in power; and it was Léon Blum, long an apostle of a liberal colonial policy, who found himself leading the war against Vietnam. Early in January 1947 Blum was succeeded by a coalition under Paul Ramadier, another Socialist. Although it included Socialists and Communists as well as members of the Popular Republican Movement (M.R.P.), this government—presumably because of its dependence on center and right-wing support—did not seem anxious to undertake negotiations with Ho. It discounted peace overtures that came almost immediately over the Vietnamese radio, and from the Vietnamese delegation in Paris. Late in December 1946 the Socialist minister for Overseas France, Marius Moutet, made a trip to Indochina which had been scheduled before the outbreak of hostilities, but he did not meet any members of the Ho government. Cabinet changes in 1947 oriented the Vietnamese government further to the right and Ho gave up the ministry of foreign affairs (which he had held himself) to a Socialist, Hoang Minh Giam. Only in April 1947 did the French government reply to a Vietnamese proposal for an armistice with a concrete offer of terms, brought secretly to Ho by Paul Mus, a noted scholar. This led to a brief but fleeting optimism among the Vietnamese until they discovered that it was a demand for capitulation.<sup>9</sup>

Despite early French victories, it was soon evident that the French could not hope to win by military means alone in Viet-

<sup>9</sup> The Vietnamese were asked to lay down their arms, to permit French troops to circulate freely in Vietnamese territory and to surrender to the French all non-Vietnamese personnel in the Vietnamese army. Vietnamese troops were to be confined to zones designated by the French command, and French hostages were to be surrendered.

nam; they found themselves at a military stalemate. Only by a political offensive could they hope to defeat Ho Chi Minh. In a memorandum to the Paris government soon after full-scale fighting broke out on December 19, d'Argenlieu proposed returning Bao Dai to the throne.<sup>10</sup> D'Argenlieu himself was replaced in March 1947; among French leftists and the Vietnamese, who blamed him for torpedoing the Franco-Vietnamese negotiations, he was regarded as a symbol of reaction and bad faith. But although d'Argenlieu was no longer in favor, his idea of using Bao Dai to checkmate Ho appealed to a number of influential people in France. It was left to d'Argenlieu's successor, Emile Bollaert—a Radical Socialist and long-time civil servant whose appointment seemed to promise a more conciliatory French attitude—to work out the Bao Dai policy.

Bao Dai, in name at least, was still an adviser to the Ho government, but he was no longer in Vietnam, having been sent by Ho in March 1946 on a mission to China from which he had not returned. His value to France depended upon the number of Vietnamese he could split away from Ho Chi Minh and persuade to accept terms less damaging to France's position in Vietnam than those demanded by Ho. But only if Bao Dai took a nationalist stand could he win over any of Ho's supporters. He had, in other words, to be nationalist enough to win friends among the Vietnamese, but not too nationalist to lose them among the French.

The ex-emperor, in 1947, was living in Hong Kong, where he laid the foundations of the reputation that caused critics to label him the "night-club emperor." He had little personal following in Cochinchina or Tonkin. Even in Annam, the seat of the imperial dynasty, his support was not widespread. But Bao Dai seemed the one person around whom a number of minor disaffected political groups might be rallied in opposition to Ho. Neither powerful nor popular, these groups formed a fluctuating series of coalitions that they called national union fronts.

Among them were the Vietnam Revolutionary League and the Vietnam Nationalist party (see pp. 237–8), one favoring a constitutional monarchy, the other a republic. Large sections of both, however, supported Ho in the war against the French.

<sup>10</sup> *Journal Officiel de la République Française. Débats de l'Assemblée de l'Union Française, Séance du 19 Janvier, 1950, p. 49.*

Elements of the Cao Dai and the Hoa Hao, which signed a pact in January 1948 setting up separate zones of action in Cochinchina, also joined the Bao Dai camp. But theirs was only a conditional and noncommittal promise of co-operation, which left their organizations free to do as they pleased. Their private armies provided the anti-Ho movement with a military force, but both were far more anti-French than pro-Bao Dai, and they could not be counted on for disciplined or reliable support for the ex-emperor. The two million Catholics of Vietnam, who might have been expected to join forces with any group offering an alternative to the Communists in the Viet Minh, were nominally represented by the Catholic League, headed by Ngo Dinh Diem, formerly premier under Bao Dai. Diem was active in the Bao Dai movement only during its early stages; afterwards he took no part in it and the majority of his co-religionists continued to support Ho.<sup>11</sup>

As the French captured areas in Tonkin and Annam from the Republic, they set up administrative committees, many of whose members were nationalist adherents of Bao Dai. There were also supporters of Bao Dai in the French-controlled Cochinchina government; but they looked to the ex-emperor to protect them against the Vietnamese nationalist movement, not to take over its leadership. Le Van Hoach, the second president of the Cochinchinese "republic," a prominent Cao daist, took a leading part in the Bao Dai movement. Nationalism was strong among so many of Bao Dai's supporters that the separatists among the Cochinchinese had to pare down their demands to Cochinchinese autonomy within a united Vietnam. General Nguyen Van Xuan, the third president of Cochinchina, who assumed office in October 1947, did his best to give his regime a more nationalist complexion, even taking over the Republican nomenclature and calling Cochinchina South Vietnam.

Although Bao Dai was in touch with the French early in 1947, he delayed making commitments to the various groups that appealed to him for leadership. He announced that he was neither for nor against the Viet Minh and would not return home unless the people wanted him. Emile Bollaert favored a generous French gesture that would have permitted a truce with

<sup>11</sup> Certain Catholic areas achieved a virtual autonomy under their own rulers, which was respected by both the French and Ho Chi Minh.

Ho Chi Minh and negotiations with him as well as with the Bao Dai groups, but the high commissioner was overruled by the French government. When Bollaert made what he called a final offer, at Hadong in September 1947, it envisaged such limited French concessions that Bao Dai's group, as well as the Republic, rejected it. But another part of Bollaert's speech was an appeal to all political, intellectual, and social groups in Vietnam, and to that Bao Dai responded more favorably. He announced that he was prepared to negotiate with France in the interest of unity and independence. In December 1947 he left for Europe for talks with the French government, which formally announced its intention henceforth to confine its negotiations to persons outside the Ho government.

In their political counter-offensive against the Republic, the French envisaged Bao Dai as a key figure; the majority of the country, however, still supported Ho. Despite the strong and entrenched Communist minority in the Republican government, by far the greater part of non-Communist Vietnamese nationalists regarded Ho as their only possible leader in the struggle against the French. Bao Dai appeared so much a creature of French policy as to make it extremely difficult for him to win support among his own people.

Bao Dai promised that the Vietnamese would decide their own regime as soon as peace and order were re-established. He was, he assured them, only a mediator and a negotiator, subordinating all lesser considerations to restoring peace. Unity by now had become so vital a part of any nationalist platform that the French reluctantly recognized that Bao Dai could not even hope to succeed unless he brought Cochinchina back to Vietnam. On May 20, 1948 the pro-Bao Dai groups, with the emperor's approval, set up what they called a Provisional Central Government of Vietnam, linking Tonkin, Annam, and Cochinchina under the presidency of Nguyen Van Xuan. Bao Dai was on hand when, on June 5 aboard a ship in the Bay of Along, Xuan and the French signed an agreement recognizing "the independence of Vietnam [as an associated state within the French Union], whose task it is now fully to realize its unity."

The French had at last accepted the principle of unity for Vietnam. The problem was to translate that principle into prac-

tice, for Cochinchina was still legally a French colony and its status could not be changed without the approval of the French parliament. The word "independence" appeared for the first time in a Franco-Vietnamese treaty, but it was an independence hedged about by qualifications. The French, it was true, had finally given up their insistence on creating a strong Indochinese federation. The idea of federation had become so indistinguishable from French attempts to control the country that it had lost the little Indochinese support it may once have had. In the Bay of Along agreement, federation gave way to the concept of associated statehood within the French Union for each of the three states of Indochina. Only in August 1948 did the French premier, André Marie, endorse the agreement of June 5.

Negotiations with Bao Dai dragged on in 1949. By this time the victories of the Communists in China had brought them close to the northern frontier of Vietnam, and Ho Chi Minh would soon have powerful friends across the Chinese border. The French had to break up the nationalist-Communist alliance quickly if they were to break it up at all. They urged Bao Dai, who was then in France, to go home and rally his people around him. But no one would rally to Bao Dai if he returned to Vietnam with empty hands; he refused to leave Europe without more generous terms than the French had yet been willing to offer with regard either to unity or independence. On March 8, 1949 he finally reached the Élysée agreements with France, which took the form of an exchange of letters between Bao Dai and Vincent Auriol, the French president. When ratified, they would bring Vietnam into the French Union as an associated state.

Associated statehood was far removed from independence. Evidence of this could be found not only in the Élysée agreements but also in other agreements signed with Laos and Cambodia.<sup>12</sup> According to the French constitution, control over the

<sup>12</sup> For Laos, the relevant documents are the exchange of letters between the king of Laos and the president of France (November 23, 1947 and January 14, 1948), and the general convention of July 19, 1949. The Cambodian documents are the exchange of letters (November 27, 1947 and January 14, 1948) between the king of Cambodia and the president of France, and the treaty of November 8, 1949. See "*Notes définissant les rapports des États associés du Viet-Nam, du Cambodge et du Laos avec la France*," *Notes et Études Documentaires* (Paris), 14 mars 1950, No. 1, 295.



foreign affairs and the armies of the associated states was to remain in the hands of the French Republic.<sup>18</sup> Each of the states was to have representatives in the new Assembly of the French Union and in the High Council of the French Union: both of these bodies, however, are advisory only, and the latter is not yet in existence. The other prerogatives of sovereignty—what the French call internal sovereignty—were theoretically to remain with the associated states, but this was far from the case. The associated states were not permitted to interfere with French property and enterprises already in their territory, without the permission of the French government. When Frenchmen and foreigners protected by special treaty with France were involved in legal cases, they were to be tried under French law and before mixed courts in which Frenchmen would sit. Despite the change in French policy, the project for an Indochinese federation was far from dead. The associated states of Indochina were not guaranteed individually the right to control their treasuries, communications, foreign trade and customs, immigration, or economic planning: these were reserved for a later "interstate conference." The three states were to be joined in a monetary and customs union. Although Vietnam, Laos, and Cambodia were to have their own armies, French Union armies were to be stationed in each country, free to circulate between their bases and garrisons; and in time of war the Vietnamese, Cambodian, and Laotian forces would be under the control of French officers.

Within the framework of the postwar agreements signed by the French with Laos and Cambodia, considerable governmental changes took place. Both countries became constitutional monarchies under constitutions adopted in 1947, with popularly elected assemblies and responsible cabinets. Although their kings retained considerable power, the change in political forms was marked, giving opposition elements for the first time a legal medium for the expression of their views. French control in both countries was still strong, however, and certain elements never accepted the agreements with France. The greater part of the Laotian guerrilla movement, which was based largely on per-

<sup>18</sup> Morocco and Tunisia, as well as the three states of Indochina, were expected to become associated states, but the nationalist rulers of both North African protectorates so far have not joined the French Union.

sonal rivalries within the royal family, seems to have collapsed in 1949 and made its peace with the Laotian government and with France. The Cambodian Issarak, who have links with influential members of the Democratic party, the country's largest political group, collaborate militarily with the Viet Minh.

In Vietnam the concessions made by France had little immediate effect. Bao Dai had accepted the Élysée agreements only on condition that Cochinchina be united with the rest of Vietnam. In March 1949 the French Assembly passed a law providing for a territorial assembly to meet in Cochinchina and vote upon its future status, a procedure required by the French constitution. Only a strictly limited electorate was permitted to vote for members of this assembly and, of those qualified, less than twelve hundred French and Vietnamese actually voted. But even the assembly they elected favored union with Vietnam. On May 21, 1949 the French National Assembly voted to end the colonial status of Cochinchina, which was to be "attached to the Associated State of Vietnam in accordance with the Joint Declaration of June 5, 1948 and the Declaration of the French Government of August 19, 1948."

With unity assured, Bao Dai departed for home, ending his three years of self-imposed exile on April 28, 1949. On June 14, at a ceremony in Saigon, he formally exchanged documents with Léon Pignon (who had replaced Bollaert as high commissioner the previous October), bringing the Élysée agreements into effect: they had still to be ratified, however, by the French government. There had been a time when Bao Dai had presented himself as a mediator between the Vietnamese people and the French, and there had even been speculation that he might make peace between France and Ho Chi Minh. But if Bao Dai ever actually had such ideas, he had clearly abandoned them. He acted as though he had never abdicated, announcing his intention to retain provisionally the title of emperor. The future constitution of Vietnam, he declared, would be decided by "the people [who] have fought heroically for the independence of their homeland."<sup>14</sup> In the meantime he proclaimed himself chief of state. The ineffectual Xuan government, which had failed in its attempt to win popular support, resigned in his favor, and

<sup>14</sup> *Bulletin d'Information de la France d'Ostre-Mer* (Paris), July 1949, p. 3.

Xuan became Bao Dai's vice president and minister of national defense. But the new cabinet seemed little better off than its predecessor. For a government that claimed to represent all Vietnam, it included an unduly large number of people from the area of South Vietnam. It was unable to attract many outstanding Vietnamese, no matter how opposed they might be to Ho; and, having few of the attributes of power, it did not wield any effective authority even over areas under French control.

Bao Dai was home at last but the struggle in Vietnam, contrary to French expectations, was slow in taking on the aspect of a civil war. The major antagonists were not Bao Dai and Ho Chi Minh and their respective followers, but the French army and the Democratic Republic of Vietnam, led by Ho Chi Minh. Some 150,000 soldiers were fighting on the French side in Vietnam (more than one quarter of the entire French army). They included not only Frenchmen, but also a number of Indo-chinese; there were Germans who had exchanged the swastika for the tricolor of the French Foreign Legion, and Moroccans and Senegalese from Overseas France.<sup>15</sup> With these forces the French managed to control the centers of the major cities and the important lines of communication. But on the roads Frenchmen could travel only in convoys and then were not sure of reaching their destination. In the cities no French or Vietnamese opponent of the Republic was safe, particularly at night, and such a French stronghold as Saigon was honeycombed with Ho's supporters, who even collected taxes from the Chinese and Vietnamese inhabitants. The French were spending more than half of their military budget in Indochina, but still the guerrilla war went on, and by the end of 1949 the greater part of the country was in the hands of the Ho forces. The situation of the French in Indochina was grave, for neither by military force nor by political maneuver had they succeeded in bringing peace to the country.

As events laid bare the meagerness of France's resources, the war in Indochina became a major international concern because of the victories of the Communists in China. The French

<sup>15</sup> Early in 1951, French official sources declared that there were 63,000 European Frenchmen in their expeditionary force. *New York Times*, January 4, 1951.

and the Vietnamese until then had fought their war in relative international obscurity. At the very time when the rights and wrongs of the Dutch and Indonesians were being hotly debated before the United Nations, a curtain of silence seemed to have dropped over Indochina. There were various reasons why the Democratic Republic of Vietnam could not find any champions during the first years of its existence. Unlike Indonesia, where both Americans and Englishmen had substantial investments, Indochina was almost exclusively a French economic preserve; no other nation had any serious stake to involve it in Indochinese affairs. But the United States did have a tremendous stake in France, which it regarded as a key to the defense and recovery of Western Europe. The State Department, as a result, despite American traditional opposition to colonialism, was sympathetic when Frenchmen argued that if they lost Vietnam, they would lose North Africa and most of their empire as well, with disastrous economic and military results to the mother country. Further, a "soft" policy toward Ho Chi Minh, according to French opponents of such a policy, would lead to the overthrow of any "Third Force" government in France and bring to power either General Charles de Gaulle or the Communists. When to this line of reasoning was added the fact that the Communists played a key role in the Vietnamese resistance, the American government was not inclined to be openly critical of French policy. It contented itself with expressing a wish for peace in Indochina.<sup>16</sup>

The Communist issue was generally played down by the Vietnam Republic, with the collaboration of the Communists, during the period of its negotiations with France. The Indochinese Communist party had been dissolved in November 1945 (in order to conciliate the Chinese Nationalists then in occupation of part of the country, as well as non-Communist international opinion generally) and had been replaced by an Association for the Study of Marxism. Ho Chi Minh refused to say whether or not he himself was still a Communist. His government was a broad coalition drawn from diverse groups which for a considerable period of time steered a middle course in its

<sup>16</sup> In February 1947 Secretary of State George C. Marshall said that he hoped "a pacific basis of adjustment of the difficulties could be found." *New York Times*, February 8, 1947.

propaganda (its equivalent of more formal foreign relations) and was careful not to become identified either with the Soviet bloc or with the West.

But the leading position of the Communists in Vietnam could hardly be denied. An emergent nationalist movement like the Indonesian, preoccupied with its struggle against the Dutch, was fearful of being tarred with the red brush and regarded the Vietnam Republic with official caution, as did other Asian governments. The Soviet Union also did not see fit to raise the Vietnamese question. The French Communist party, which belonged to the governing coalition in France, trod gingerly on political eggs after the outbreak of fighting in December 1946; it was critical of the war against Vietnam and yet it remained in the French government until May 1947. Even after that time it did not give up the hope of achieving a Communist government in France. For that reason the Communists were determined not to offend the nationalist sensibilities of the French electorate; they offered the Vietnamese little more than verbal support both during the 1946 negotiations and for some time afterwards; and they were anxious to keep Vietnam inside the French Union. Ho Chi Minh himself had asked for no more than membership in the French Union after the March 6, 1946 agreement, but for the Vietnam Republic this was a retreat from the full independence it had expected in 1945.<sup>17</sup>

With no help from abroad, either from the Communists or from the Western powers, the Democratic Republic of Vietnam was thrown on its own resources. After the events of December 19, 1946 the Ho government found it more important than ever to have a noncontroversial program on which the different elements opposing the French could unite—whether they were Catholics or Communists, Socialists or Democrats, former members of the imperial court at Hué, peasants, or bourgeoisie. It was important also not to antagonize China and Thailand, both of which were friendly to the Vietnamese, or any other foreign country that one day might help the Republic. They therefore concentrated on the struggle with France,

<sup>17</sup> Vietnamese Communists who had wanted independence in the fall of 1945 were bitterly critical of the failure of their French comrades to help them achieve it. See Harold R. Isaacs: *No Peace for Asia* (New York, 1947), pp. 173 ff.



on growing food, combating illiteracy, and maintaining the dike system against the ever present menace of floods.

As the war went on, the watchword in Vietnamese politics was national unity. The Viet Minh was the principal party in the country, having units even at the village level and including widely diversified elements ranging from moderates to Communists, directed by the Tong Bo (the Viet Minh Executive Committee). Some of its members were individuals and others were parties, like the Vietnam Democratic party founded in 1944 and the Vietnam Socialist party founded two years later, both of which held seats in the cabinet. The Viet Minh extended its influence throughout Vietnam by means of a network of "national welfare" organizations of such groups as women, young people, workers, peasants, and soldiers, and also had political commissars in the army. It claimed a membership of nine million people. There were other groups, however, which did not belong to the Viet Minh, and to bring them into the nationalist coalition, a new and more inclusive front, the League for the National Union of Viet Nam (the Lien Viet) was set up in 1946.<sup>18</sup>

Within the framework of the Viet Minh, the Communists continued in active leadership of the government. They followed a Popular Front line, collaborating with other parties in the nationalist resistance, although clashing sometimes with their ideological opponents, notably the Trotskyites.<sup>19</sup> The long struggle against the French strengthened the hold of the Communists within the Vietnam government, and to this was added the fact that a Communist regime would soon be in power in China. Disturbed at the spread of Communism in Asia, the United States began to show open sympathy for Bao Dai, while the Vietnam Republic, looking forward for the first time to having an ally on its frontier, promised its people a general and victorious counter-offensive. The Communists in the Viet Minh increased their overt control over the country.<sup>20</sup> Vo Nguyen

<sup>18</sup> It accepted a Viet Minh proposal to fuse the two organizations in 1949. In August 1950 the Viet Minh and the Lien Viet declared their intention to complete their merger before the end of the year.

<sup>19</sup> The Trotskyites had consistently opposed all concessions to the French, the March 6 agreement as well as the September 14 *modus vivendi*.

<sup>20</sup> See in this connection Milton Sacks: "The Strategy of Communism in Southeast Asia," *Pacific Affairs*, September 1950, pp. 227-47; and J. R. Clémentin: "The Nationalist Dilemma in Vietnam," *ibid.*, pp. 294-310.

Giap, who had been dropped from his cabinet post, returned as minister of national defense.<sup>21</sup> Ho Chi Minh sent a delegate to South Vietnam (Cochinchina) to enforce party discipline. In Central Vietnam (Annam) Pham Van Dong, a Communist who had headed the Vietnamese delegation at Fontainebleau, performed a similar job and then, in 1949, became vice president of the government, second only to Ho. And Tran Van Giau, formerly Cochinchinese general secretary of the Indochinese Communist party, assumed the important post of director of the Central Information Service of Vietnam. In France the Communist party dropped its insistence that Vietnam remain within the French Union and demanded that the French evacuate Vietnam as a preliminary to negotiations with Ho. "Peace with Vietnam" and "the dirty war" were old Communist phrases, but in 1950 the French Communists moved from words to action—the action that they had not chosen to take in 1947, 1948, or 1949—and started a campaign of strikes and demonstrations aimed at obstructing the transport of soldiers and war material to Indochina. When the Ho Chi Minh government sent out requests for recognition to a large number of countries early in 1950, the Chinese Communists recognized the Democratic Republic of Vietnam. The Soviet Union followed suit on January 31. The American secretary of state, Dean Acheson, said that this "should remove any illusion as to the 'nationalist' character of Ho Chi Minh's aims and reveals Ho in his true colors as the mortal enemy of native independence in Indochina."<sup>22</sup>

The United States and Great Britain, now deeply concerned by Chinese Communist successes that threatened the balance of power throughout southeast Asia, were anxious to stem the spread of Communism. The French recognized this and, hoping for help in their war against Ho, emphasized that they were not fighting a colonial war in Vietnam, but an anti-Communist war. They were the defenders of Western civilization in the Far East, they insisted, and as such were entitled to American aid, not only in Europe (where Marshall Plan dollars released francs for expenditures in the Vietnamese war), but also in Indochina.

<sup>21</sup> He continued to hold the post that he had held without interruption since 1945, that of commander-in-chief of the Vietnam army. \*

<sup>22</sup> *Department of State Bulletin*, February 13, 1950, p. 244.

The United States was far from unfriendly to Bao Dai.<sup>23</sup> In June 1949 the Department of State welcomed the formation of "the new unified state of Vietnam" and expressed its hope that the March 8 agreements would "form the basis for the progressive realization of the legitimate aspirations of the Vietnamese people."<sup>24</sup> And the following January, Philip C. Jessup, United States ambassador at large, delivered a message to Bao Dai in which Secretary of State Acheson wrote that the United States was looking forward to establishing closer relations with the Bao Dai government.

This was not the only encouragement Bao Dai had received from abroad. In October 1949 his government had been elected as associate member of the United Nations Economic Commission for Asia and the Far East. Malcolm MacDonald, the British high commissioner for southeast Asia, had made a trip to Indochina and brought back an optimistic report on Bao Dai's position which had considerable influence on both British and American official opinion. At the Commonwealth conference in Colombo in January 1950, MacDonald stated that Bao Dai seemed to represent the wishes of the majority of the Vietnamese and was daily gaining new support.<sup>25</sup> Of all the delegates present, only Pandit Nehru of India refused to endorse this view. Bao Dai also achieved a diplomatic success at the Vatican. In 1948 French High Commissioner Bollaert had made an apparently unsuccessful attempt to persuade the Pope to call on Vietnamese Catholics to turn against Ho Chi Minh, but in November 1949 the Vatican announced that the Pope was praying for Bao Dai.

The need of the French for foreign aid had become urgent. But they could hardly ask the United States to support the Bao Dai government when the French Assembly itself had not yet given its support to Bao Dai by ratifying the Élysée agreements to which his government owed its existence. Delays by

<sup>23</sup> Many Frenchmen attributed the origins of the Bao Dai policy at least in part to the influence of William C. Bullitt, former American ambassador to France, who, after a trip to Indochina in 1947, conferred with leading government people in France before he returned home to write an article for *Life* magazine proposing Bao Dai as an alternative to Ho.

<sup>24</sup> *Department of State Bulletin*, July 18, 1949, p. 75.

<sup>25</sup> *The Scotsman* (Edinburgh), January 15, 1950.

the French in implementing their promises, so typical of the course of French-Vietnamese relations, served to weaken Bao Dai's position still further. Only on December 30, 1949 did the Bao Dai government sign a number of conventions with France to implement the March 1949 agreements. And finally, in January 1950, the treaties with the three associated states came up before the French Assembly.

The French Assembly debate on Indochina was a violent one, largely because of the Communists and some small left-wing groups who opposed the accords. One of the arguments offered by the government in favor of ratification was that it was a prerequisite to help from abroad. The Socialists proposed a motion calling for an armistice with Ho, but when that was defeated joined the majority of the Assembly in approving the three agreements on January 28 by 401 to 193. The agreements were ratified by the French government on February 2. On February 7 the United States and Great Britain both recognized Bao Dai.<sup>26</sup>

In Asia, it was difficult to find many friends for Bao Dai. Thailand, which under its present government was acutely fearful of Communism close to its borders, recognized Bao Dai, but only after a cabinet crisis. Other Asian states, like India and Indonesia, did not believe Bao Dai to be the legitimate representative of the Vietnamese people, and refused to recognize him.

American efforts to contain Communism in Asia led to American support of the French military effort in Vietnam. The United States did not desire this role. It tried rather to make a separate policy for Indochina, aimed at strengthening the Bao Dai government and using pressure on the French to grant it a more real independence. The French distrusted American policy toward the French empire generally, fearing American economic inroads into the French colonies. They also feared what they regarded as American anticolonialism, and it was this fear that was uppermost in 1950 in regard to Indochina. They insisted that if American economic aid was to be delivered

<sup>26</sup> The British government justified this act of recognition on the grounds that it regarded the Bao Dai regime as the only regime clearly controlling large areas of Vietnam, with a capital city and with a visible government. They were, however, "anxious that rather more independence should have been given to the Bao Dai Government than had, in fact, been given." House of Commons, *Hansard*, 5th Series, Vol. 475, p. 2099.

directly to the Vietnamese, American military aid at least should go only to the French. General Marcel Carpentier, commander-in-chief of the French forces in Indochina, stated: "I will never agree to equipment being given directly to the Vietnamese. If this should be done I would resign within twenty-four hours. The Vietnamese have no generals, no colonels, no military organization that could effectively utilize the equipment. It would be wasted, and in China the United States has had enough of that."<sup>27</sup>

In May Secretary of State Acheson announced that the United States would grant military and economic aid to restore security and develop "genuine nationalism" in Indochina. He made a point of saying that this aid would go not simply to France but also to each of the associated states.<sup>28</sup> With the outbreak of war in Korea, President Truman on June 27 announced "acceleration in the furnishing of military assistance to the forces of France and the associated states in Indochina and the dispatch of a military mission to provide close working relations with these forces."<sup>29</sup>

But could the United States really distinguish between the assistance it was giving to France and that which was supposed to go directly to Bao Dai? His government was too unpopular and inefficient to make effective use of any aid it did receive. A few able men did rally to Bao Dai, like Nguyen Huu Tri, the governor of North Vietnam; they did so in the hope that they might yet transform the Elysée agreements into a more genuine independence. "The Vietnamese regard the March 8 agreements as only a stepping stone," Tri told a reporter. "We want full, complete independence." He said that there had been a considerable transfer of administrative functions from France to the Vietnamese in the north, in education, public welfare, agriculture, public health, public works, and some police powers, but "in every sphere, the French keep back something."<sup>30</sup>

The great majority of the intellectuals and the youth of Vietnam refused to have anything to do with Bao Dai. Ngo Dinh Diem turned down offers to head the new government. He

<sup>27</sup> *New York Times*, March 9, 1950.

<sup>28</sup> *Department of State Bulletin*, May 22, 1950, p. 821.

<sup>29</sup> *Ibid.*, July 5, 1950, p. 5.

<sup>30</sup> *New York Times*, March 6, 1950.



stated publicly his belief that "the national aspirations of the Vietnamese people will be satisfied only on the day when our nation obtains the same political regime which India and Pakistan enjoy. . . . I believe it is only just to reserve the best posts in the new Vietnam for those who have deserved best of the country; I speak of those who resist."<sup>31</sup> But appeals to resistance elements to join Bao Dai fell generally on deaf ears. Nguyen Phan Long, an influential editor from South Vietnam who became Bao Dai's premier in January 1950, was dropped in May because of his efforts to appease the resistance. He was replaced by Tran Van Huu, who had succeeded Xuan as governor of South Vietnam. The selection of Huu, because he was more amenable to the French and less friendly to the resistance, did nothing to erase the popular picture of the Bao Dai regime as a puppet government honeycombed with mediocrity and corruption.

Bao Dai, for his part, spent most of his time in retreat at Dalat, remote from the day-to-day activities of his government. His behavior was not calculated to increase his following among the people. In June 1950, against the counsel of his advisers and despite the displeasure of the French, he left for France, presumably to see his family; there was also vague talk of affairs of state that took him to Europe. Premier Huu went to France the same month to join representatives of France, Laos, and Cambodia at Pau for discussions on the federal structure that was to be established in Indochina. This conference was originally scheduled to end in August but it dragged on into the fall. Huu and Bao Dai remained in Europe, while their regime fell into still greater disrepute at home. In Saigon the United States Military Mission, as well as the French, complained of their absence. How could the Americans build up Bao Dai's army when they could not even get final decisions from the Vietnamese officials in Saigon? Still more important, how could the United States help Bao Dai toward greater independence when he himself seemed so uninterested in achieving it? Even Bao Dai's supporters were disquieted. There was talk in some quarters of finding a possible replacement for Bao Dai, and the names of Cuong De and Ngo Dinh Diem were mentioned.<sup>32</sup> The

<sup>31</sup> *L'Echo du Vietnam*, June 16, 1949.

<sup>32</sup> See pp. 230, 247.

nationalism of both men was as unquestionable as their anti-Communism. Diem was much the younger, and was besides a prominent and widely respected Catholic. Neither man, however, seemed to have a following of any size within Vietnam.

The French had not been able to find a Vietnamese who could win over the mass of the nationalist resistance from Ho Chi Minh; and this fact was recognized by many non-Communists in France. In December 1949 a number of prominent French intellectuals, in a letter to President Auriol, had urged an immediate end to hostilities as a preliminary to free elections in Vietnam under international control and within the framework of the United Nations. The independent left-wing newspapers, *Combat* and *Franc-Tireur*, had long been critical of the government's refusal to negotiate with Ho, as had several magazines, notably the liberal Catholic *Esprit* and Jean-Paul Sartre's *Les Temps Modernes*. The French Socialist party had voted at successive party congresses for negotiations with Ho even though it was, until February 1950, a part of the government which led the war against him. At their congress in May 1950 the Socialists passed a resolution in favor of referring the Vietnamese situation to the United Nations. Demands for a French evacuation of Indochina were also heard from groups further to the right who believed it impossible for France to hold on to the country any longer. In the leading conservative newspaper, *Le Monde*, a writer pointed out that the Bank of Indochina, which had dominated so much of the Indochinese economy, had already turned in preference to other areas: "the realism of business circles precedes, alas, that of political circles."<sup>38</sup>

A sudden and victorious Vietnamese offensive in September and October 1950 focused French attention with renewed urgency on Indochina. With many of their units reportedly trained and equipped in Communist China, the Vietnamese succeeded in forcing the French to evacuate a series of key posts on the Chinese frontier. Tran Van Huu and Bao Dai hurried back to Vietnam; Jean Letourneau, the French minister for associated states, and General Alphonse Juin, resident-general in Morocco, arrived to study the situation on the spot.

No sooner had Premier Huu returned home than he openly

<sup>38</sup> *Le Monde*, June 25-6, 1950.

attacked France, alleging an attempt to impose continued French domination on Vietnam during the Pau conference. He demanded complete independence and a new and more equal treaty to supersede the Élysée agreements. "Many people are dying every day because Vietnam is not given independence," he said. "If we had independence the people would have no more reason to fight."<sup>34</sup>

In Paris the National Assembly debated on Indochina policy. Some members of the right criticized the government for its conduct of the war; the Communists once again urged withdrawal and negotiations with Ho Chi Minh; and a prominent member of the moderate Radical Socialist party also favored evacuation on the ground that contributing to the defense of Europe was more important than fighting a war in the Far East, and France could not do both. Letourneau, who on his return from Asia was given sole responsibility for the direction of French policy in Indochina, ruled out the appeal to the United Nations favored by the Socialists. He told the French National Assembly that the government of Premier René Pleven intended to carry out the March 8, 1949 agreements with the greatest liberalism. Virtually all of the administrative machinery would be in Vietnamese hands by January 1, 1951, he promised, and the French would hand over power as rapidly as possible to a Vietnamese army. On November 23, 1950 the Assembly approved the government's Indochina policy by a vote of 337 to 187. General Jean de Lattre de Tassigny was installed as high commissioner and supreme commander the following month, replacing and combining the functions of Léon Pignon and General Carpentier.

Early in 1951 the French released official figures on the cost to France of the war with Vietnam. Some nineteen thousand European Frenchmen had been reported killed or missing (information on other nationalities in the expeditionary corps was not made public). And since 1947 the French had spent between \$1,400,000,000 and \$2,200,000,000 on the Indochinese war.<sup>35</sup>

By 1951 the French were no longer fighting alone in

<sup>34</sup> *New York Times*, October 20, 1950.

<sup>35</sup> *Ibid.*, January 4, 1951.

Vietnam; they were receiving substantial aid from the United States.<sup>36</sup> The Democratic Republic of Vietnam, however, was also not alone. It had found powerful friends across the border in Communist China, which made it more hopeful than ever of victory. In August 1950 the Democratic Republic of Vietnam celebrated the fifth anniversary of its revolution. Five years before, the Vietnam radio had appealed jointly to Truman, Attlee, Stalin, and Chiang Kai-shek, declaring that its revolution stood above class or party. Ho Chi Minh had once been willing to join an Indochinese Federation and a French Union and to give priority to French capital and French technicians; later, he had insisted that Vietnam would be neutral in the cold war. But that was all in the past.

In 1950 the Republican radio called the Élysée agreements a treaty of treason and demanded a total French evacuation of Indochina. Ho said he was still willing to accept French capital, but "not on oppressive terms." Toward Laos and Cambodia he envisaged "fraternal relations based on absolute equality and mutual respect for independence."<sup>37</sup> Under the pressure of international events, the Republic had to decide who were its friends and who its enemies, and it had made its choice. "On our

<sup>36</sup> "ECA aid directed particularly toward public works, agriculture, and health programs, is now arriving in significant quantities. Allocations totaling more than \$4,000,000 had been approved by mid-September." *Foreign Commerce Weekly*, Washington, D.C., November 27, 1950, p. 13. In addition, the United States assigned to France "by far the largest single part" of the five billion dollars earmarked for military equipment to be delivered to the European members of the North Atlantic Treaty Organization. "In view of the importance of the operations in Indochina, the major part" of the approximately one-half-billion dollars appropriated by Congress for military assistance in the Far East "is being used to provide military equipment, including light bombers, for the armed forces both of France and of the Associated States of Indochina. This assistance," according to the official United States communique, "will provide a very important part of the equipment required by the forces contemplated for activation in 1951 in France and for current operation in Indochina. Deliveries of equipment are being expedited and, with respect to Indochina, a particularly high priority has been assigned." The United States also agreed "to make available in support of the French Government's increased military production program assistance in the amount of 200 million dollars, these funds to be obligated prior to June 30, 1951." *Department of State Bulletin*, October 30, 1950. "The final amount of American assistance to support the expanded French defense effort" was still to be determined.

<sup>37</sup> Peking radio, August 5, 1950.

side," Ho Chi Minh told the people, "a few years of resistance have brought our country the greatest success in the history of Vietnam—recognition of the Democratic Republic of Vietnam as an equal in the world democratic family by the two biggest countries in the world—the Soviet Union and Democratic China—and by the new democratic countries. That means that we are definitely on the democratic side and belong to the anti-imperialistic bloc of 800 million people.

"Since the beginning of the war the Americans have tried to help the French bandits," Ho went on. "But now they have advanced one more step to direct intervention in Vietnam. Thus, we now have one principal opponent—the French bandits—and one more opponent—the American interventionists."<sup>88</sup> The Republican radio proclaimed: "Long live Marshal Stalin! Long live Chairman Mao Tse-tung! Long live President Ho Chi Minh!" No longer did the Republic minimize the role of the Communists in its affairs. The radio broadcast instructions to the country's propaganda services to acclaim the "Communist and Viet Minh parties who led the victorious revolution" and to stress "the determined leadership of the proletariat. . . . If the Communist Party did not exist, it is certain that there would be no August Revolution nor Democratic Republic of Vietnam."<sup>89</sup>

But how did the Communists and the Viet Minh maintain their power in the areas ruled by the Republic? The element of force was not absent, but neither was it all-explanatory. Far more important was the fact that Ho Chi Minh stood for independence and that his government had an army in the field fighting the French. Vietnamese nationalists, who constituted the majority of the population of Vietnam, preferred to fight for independence under the leadership of their own compatriots, even if these happened to be Communists, rather than submit to French rule.

Unlike the Bao Dai government, the Republic also had a broad social program that appealed to the peasants as well as to many intellectuals. Reliable information on developments in Republican areas is scant, but the emphases of Republican propaganda give some idea of the problems faced and the methods

<sup>88</sup> Voice of South Vietnam, August 16, 1950.

<sup>89</sup> Vietnam News Agency, August 10, 1950.



used to deal with them. Government control is exercised through mass organizations—like the Vietnam Youth Association, the Vietnam Women's Association, the Vietnam General Confederation of Labor (all three affiliated with Communist-controlled world organizations), and the Vietnam Peasants Association—as well as through intensive political indoctrination along strictly Marxist lines, which has been greatly aided by the success of the campaign against illiteracy. There appears to be popular participation through these and similar organizations. A so-called patriotic competition movement rallied the people to outdo one another in fighting the French, famine, and illiteracy. Patriotic competition extended from raising poultry to reducing rents, from sabotage to digging foxholes. In July 1949, at a conference called to improve and direct the movement, there was talk of building up model provinces to spur on patriotic competition. Ho summoned the people to a new effort in August 1949, not only for victory, but also for the national reconstruction that lay beyond. Patriotic competition, he said, means “simultaneously to serve one's self, one's family, one's village and one's people.” It was to operate in all spheres, with particular attention to the principles of industriousness, thrift, honesty, and justice.

The war against illiteracy went on, and it was claimed that only twenty per cent of the people could not read and write, while the Vietnamese press was said to distribute two million copies daily in Republican areas. The government moved ahead to plan a system of popular education for the millions of newly literate persons. At the higher levels a Vietnamese University had faculties of medicine, law, and science; and some technical and vocational schools were reported established. All teaching was in the Vietnamese language; it emphasized Vietnamese culture and helped to intensify Vietnamese nationalism.

While it is impossible to check on Vietnamese claims of accomplishment these indicate, at the very least, the formal program of the government, its estimate of popular needs, and its judgment as to the type of appeal that will win support. It was clearly urgent to attempt to overcome some of the more pressing of the peasant's difficulties; it was necessary also to feed the army. Stringent regulations were placed upon usury, and under

certain conditions debts to moneylenders were canceled. Efforts were made to provide the peasant with cheap credit facilities, and co-operatives were encouraged both in agriculture and in industry.

There has so far been little nationalization of land. Tonkin and Annam are mainly populated by peasants who worked their own tiny holdings. Before the war 98.7 per cent of the landowners of North Vietnam (Tonkin) worked their own land, as did 90 per cent in Central Vietnam (Annam). Only in South Vietnam (Cochinchina) was the picture different; the figure was only 64.5 per cent. South Vietnam was dominated by large landowners and a small moneyed bourgeoisie, with absentee landlords, extensive landholdings tilled by tenant farmers, and landless agricultural laborers. South Vietnam might lend itself to a widespread redistribution of land, but so far the only land that seems to have changed hands in Republican territory has been that owned by French colonists or by Vietnamese regarded as traitors. There have also been reports of "contributions" of land to the government by rich landowners in Republican territory.

The government has decreed a flat reduction of land rents by twenty-five per cent. The techniques and goals formulated in 1945, at the time of what Republican propaganda called "the triumph over famine," are still in effect. Under this program any land left uncultivated is to be provisionally redistributed to poor peasants. In August 1950 the ministry of economy, in connection with its production drive, called on the peasants to increase the planting of maize, sweet potatoes, tapioca roots, and other dry crops, to fill in the period between rice harvests. Two new taxes were instituted during 1950, a contribution in grain and a progressive land tax based on crop yield. Keeping the dike system in good repair continued to be a major concern.

The Republic is apparently aiming at self-sufficiency on the economic front. A number of government services, army units, and state-owned enterprises are reported already growing their own food. Small industry and trade have been encouraged and rapid increases are claimed in both. Textile production is said to be close to meeting popular needs. The greatest achievements are claimed for the arms industry, with bazookas, other weapons, and explosives all produced locally.

In its fifth year, the war between France and Vietnam goes on. The issues of nationalism and colonialism in Indochina have become inextricably involved in the conflict between the West and the Communists. The future of Vietnam, as a result, may well be determined by events outside its borders.

## THAILAND (SIAM)

VIRGINIA THOMPSON *and* RICHARD ADLOFF



WITH the conquest of south China by the Chinese Communists and the continuance of armed conflict in Burma, Indochina, and Malaya, Thailand stands out as the most stable and prosperous country in southeast Asia. This situation is due in part to Thailand's noncolonial status and natural resources, and in part to its internal political development and international relations.

Thailand is the only country in the area which has long enjoyed at least nominal political independence, a status resulting from its location between two rival colonial empires and the ability of its kings and diplomats to play off against each other such encroaching powers as Britain and France. Even after the Japanese invaded Thailand in December 1941, the Thai government managed to preserve its nominal sovereignty by accepting an alliance with Japan. Soon afterward Thai opposition elements placed themselves in the other camp by organizing a resistance movement, called the Free Thai, which rendered valuable service to the Allies during the war. Diplomatic successes and close associations with the great powers, especially those of the Occident, have inclined the Thai toward the Western bloc, with which they have now thrown in their lot.

Yet Thailand's diplomatic skill alone would not have made Britain and the United States forget that Bangkok declared war on them in January 1942, or forgive the return to power by forceful means, in April 1948, of Pibul Songgram, the wartime dictator who had made the declaration. If Thailand had not possessed large exportable surpluses of rice and, to a lesser extent, of rubber, tin, and teak, the victorious powers might have treated the Thai simply as Axis satellites. In fact, the Anglo-Thai treaty of January 1, 1946 contained harsh clauses that

would have spelled economic servitude for Thailand during the following year and a half. But because of American pressure on Britain, and the world's shortage of commodities that Thailand alone among the southeast Asian countries could supply, the treaty terms were modified radically, and Great Britain and the United States helped materially in restoring Thailand's war-damaged economy. Britain and the United States have recognized all of the nine postwar Thai administrations, including those which came to power by force.

Thailand's abundant resources of vitally needed materials have restored the country to good international standing and kept the Thai people fairly well off and therefore politically passive. Rice has long been the country's major export, the staple food of its population, and the main product of over eighty per cent of its approximately eighteen million inhabitants; and since World War II it has been Thailand's chief revenue-earner. Although by Western standards the Thai are poor, they suffer from no acute widespread misery, as do the Chinese and Indians; only a small proportion of them are landless agriculturists; and there remains in their country of 225,000 square miles a considerable acreage of as yet uncultivated arable land. Not all of this acreage, however, is suitable for paddy cultivation. Though the Thai may some day suffer from overdependence on one crop, their concentration on rice growing in the postwar years has proved of great practical advantage to them.

Lack of population pressure on their natural resources and the fact that they have never had to fight for their national independence have made the mass of the Thai people easy-going and apparently indifferent to politics. Only when they have felt their independence threatened by outside forces, or by the large and economically aggressive resident Chinese minority, has their nationalism been widely aroused. At no time has there been popular participation in the maneuverings of a handful of Thai leaders for power—maneuverings that began in 1932 when a few civilians and army officers overthrew the absolute monarchy and ended the political monopoly enjoyed by the Western-trained royal princes.

Until the latter half of the 19th century Thailand, like its neighbors, was an isolated, agricultural country ruled by absolute and theocratic monarchs whose despotism was only slightly



tempered by their Buddhist faith. Fortunately for the Thai people, the Chakkri dynasty during the latter half of the 19th century produced two remarkably able kings—Mongkut and Chulalongkorn—who realized that their country must either adapt its governmental structure to Western standards or become a colony like adjacent Burma, Malaya, and Indochina.

In their efforts to escape colonial status, the Thai kings were aided by two sets of circumstances. Externally, the mutual jealousy of France in Indochina and Britain in Malaya and Burma checked the expansion of both powers into Thai territory. Internally, the absence of a hereditary aristocracy and of a politically minded priesthood meant that there was no effective indigenous opposition to such reforms as the kings cared to institute.

In successive steps and on royal initiative, slavery was abolished, the economy was partially adjusted to world markets, and the administrative and judicial systems were modernized. These changes were largely inspired by a desire to remove all vestiges of foreign extraterritorial rights, and to be treated equally with the sovereign nations of the West. Many of the reforms existed only on paper, but by and large a real revolution was effected by peaceful means. The Chakkri rulers were genuinely concerned for the welfare of their people; they took their duties seriously and governed with benevolent and enlightened paternalism.

In time, however, even this high order of paternalism became irksome to a growing number of the educated middle class. Young army officers and civilian intellectuals wanted a greater share of political power, and the pace of administrative reform seemed too slow. In 1932 they organized a *coup d'état* that gave Thailand a constitution along democratic Western lines and considerably reduced the royal prerogatives. To retain even such moderate changes, however, required a second *coup d'état* and the crushing of a royalist insurrection the following year.

Thailand's three *coups d'état* (in 1932, 1933, and 1947) and its frequent postwar changes of administration have never been motivated by radical ideologies. The apparent instability of the government is primarily a matter of personalities. Throughout the years Thailand's foreign and economic policies—concentrated upon maintaining the country's independence from foreign

domination—have remained virtually unmodified, and only faltering progress has been made toward the democracy in whose name the various changes in government have been effected.

Since the constitutional regime was instituted in 1932, the life of the masses has continued in the same agricultural pattern as before. Only a small percentage of the Thai have exercised their right to vote for members of the new parliament, or have taken advantage of the somewhat greater educational facilities and the freedom of speech and press that have gradually become theirs. Briefly, the "revolution" of 1932 simply transferred power from a handful of princes to the only other educated group in the country—the intellectual and military bourgeoisie. The subsequent political history of Thailand has been chiefly a struggle for power between the latter two middle-class elements; the advocates of a restoration of monarchical privileges have sided alternately with the civilian liberals or the military conservatives. But none of those groups has ever wholly accepted the democratic principles enunciated by the civilian liberals in the constitution of 1932.

Thailand's military caste—which naturally has no counterpart in the colonial countries of southeast Asia—has been led by Pibul Songgram, a talented officer who first rose to fame by putting down Prince Boveradej's plot to overthrow the constitutional regime in 1933. His rival, a brilliant Paris-trained lawyer named Pridi Bhanomyong, has headed the civilian liberals who advocate evolution toward popular government within the framework of a paternalistic constitutional monarchy. For six years after the 1932 coup Pridi's group was predominant, but in December 1938 Pibul became premier.

The next few years were the most chauvinistic in Thailand's history. Siam's name was changed to Thailand in June 1939, betraying Thai ambitions to absorb all the Thai-speaking peoples in neighboring countries. In 1940-1 this irredentism culminated in a border "war" with the French for the return of provinces that Thailand had ceded to Indochina by the treaties of 1893 and 1907. And in 1943 Thailand accepted from Japan certain provinces in Burma and Malaya which formerly had been under Thai rule.

Within Thailand there were two less dramatic but perhaps more far-reaching manifestations of nationalism. The more im-

portant of these was an attempt to compel the two million or more domiciled Chinese to become assimilated to the Thai. The dominating role of the Chinese in Thailand's economy—chiefly the retail and rice trades and nonagricultural labor—and their close financial and cultural ties with China have made them, as a group, disliked and feared by the Thai government. In the spring of 1939 laws were passed that barred important occupations to the Chinese and closed such of their schools as refused to comply with Thai requirements concerning staff and curriculum. A minor but analogous move, which has also had repercussions in the postwar era, was the government's simultaneous attempt to "Siamize" the Muslim Malays in the southern provinces by compelling them to accept the Thai language, laws, and even dress.

Most of these measures were popular with all groups of Thai, and the old civilian-military cleavage did not reappear until Japan's invasion of Thailand in December 1941 introduced a new issue—that of collaboration or resistance. Pibul and the army decided to collaborate with Japan, presumably both because of their desire to save the country from armed conquest and because of their own Fascist sympathies. Despite affirmations that Thailand would resist invasion to the last, as well as a vote to this effect by the National Assembly on September 11, 1941, Pibul gave in to Japan's ultimatum and on December 8, after only a few hours' fighting, ordered his troops to lay down their arms. Subsequently he allied Thailand with Japan, declared war on Great Britain and the United States, signed a ten-year cultural exchange pact with Japan, and yielded to ever growing Japanese demands.

The anticollaborationists, led by Pridi, soon secretly organized the Free Thai resistance movement. (Pridi was too popular to be eliminated by force and was therefore "promoted" to the supposedly innocuous position of regent for the king, who was then a minor and living in Switzerland.) During the war the Free Thai supplied the Allies with intelligence, and harbored Allied agents. In July 1944 they managed to oust Pibul's government by constitutional means and to substitute as premier one of their own leaders, Khuang Aphaiwong. The Japanese, who were aware of the existence of the Free Thai, but presumably not of all their activities, probably preferred to tolerate a

government not outwardly hostile to them rather than be saddled with administrative problems at a time when the war was turning against them.

Thailand emerged from the war worse off than before in every respect. Economically the country had been drained by thousands of Japanese troops living off the land; its transport and power systems and some towns had been bombed by the Allies; and the cultivation of rice and rubber, as well as the mining of tin and the cutting of teak, had declined owing to the lack of foreign markets and the consequent flow of rural labor to the urban centers. Its relations with the great powers, except the United States, had deteriorated. Because of sentimental and historical relations with the Thai, and because American investments in the country were slight, the State Department refused to consider Pibul's declaration of war as representative of the will of the Thai people. Britain, however, had a very large economic stake in Thailand and had suffered territorial losses at the hands of Pibul's government; it was therefore far less inclined to let the Thai off easily. France, too, had a score to settle with Thailand for having taken advantage of its military weakness in 1940 to get back territory from Indochina. As for the Kuomintang government of China, long resentful of Thai treatment of the resident Chinese, it had now become one of the Big Five and was better able to seek an improved status for the Chinese of Thailand and the payment of war-damage claims to them. A recrudescence of nationalism on the part of the Chinese in Thailand provoked Sino-Thai riots in the streets of Bangkok shortly after the Japanese surrender.

The Thai government moved swiftly to mend its international fences. To allay British wrath, the territory acquired from Malaya and Burma was restored, and Pibul's declaration of war was repudiated by Regent Pridi, who emerged from the war as the national hero in both domestic and foreign eyes. Under an Anglo-Thai treaty, signed on January 1, 1946, Thailand's economy was subjected to provisional controls and 1,500,000 tons of rice were promised to Britain free of charge as a peace offering. When it became evident that this amount would not be forthcoming, successive agreements were negotiated granting Thailand ever larger payments for smaller rice commitments, and the restrictions on other exports were either eased or lifted.

In its dealings with Britain and the United States, Thailand soon learned that rice was its most useful instrument of national policy, the predominant Anglo-American concern being to maintain maximum stability in neighboring food-shortage areas.

Since the end of the war Thailand's relations with the United States have been cordial. The consistent indulgence with which the United States has treated every one of Thailand's postwar governments derives partly from its tradition of favoring small independent nations, but more from recognition that Thailand is the outstanding noncolonial and non-war-ridden source of rice, tin, teak, and rubber in southeast Asia, as well as an important asset in the cold war. American support was forthcoming for each of the three chief immediate objectives of Thailand's postwar foreign policy—maintaining sovereignty and territorial unity, obtaining foreign technical and financial aid for rehabilitation without jeopardizing the first goal, and winning prompt entry into the United Nations.

To achieve the last of these aims, Thailand felt impelled to make concessions to China, France, and the Soviet Union, any one of which could veto its application for United Nations membership. On January 23, 1946, Thailand signed a treaty of amity with China, by which the latter succeeded in obtaining an exchange of diplomatic representatives, but failed to settle such fundamental issues as citizenship rights and educational privileges for the Chinese population of Thailand. Proportionately as the authority of the Nationalist government waned in China, the Thai felt free to reassert their nationalistic resolve to assimilate the local Chinese and to reduce Chinese immigration.

After long delay and a vain appeal for international aid in settling its dispute with France, Thailand in the fall of 1946 relinquished the border provinces to Indochina. At about the same time, Thailand repealed its anti-Communist law (passed in 1933), having asked the U.S.S.R. earlier in the year to establish diplomatic relations, which had been broken off in 1917. The way was now cleared for Thailand's admittance to the United Nations, which occurred in December 1946.

In its foreign relations, Thailand's collaboration with the Japanese had proved by the end of 1946 to be a remediable mistake rather than a disaster. The country's economy, too, was not



permanently dislocated, but only shrunken, and in every way Thailand was better off than its neighbors. To be sure, there was a shortage of agricultural labor, farm implements, and draft animals; imported necessities such as clothing and medicines were very scarce; and inflation was causing hardship in urban centers. But because Thailand could grow more than enough for its own needs, there was still plenty of cheap food to be had; Britain and the United States were helping to restore the Thai transportation system; and the rubber industry was staging a rapid comeback. To insure the continuance of the aid being given by London and Washington (which were concerned for the stability of food-deficit areas in Asia), and to keep up the standard of living at home, a sharp increase in Thailand's rice shipments was essential. Any administration which could accomplish that feat was virtually guaranteed tenure of office. But it was precisely here that the Free Thai government failed, despite the ability of Pridi and the shrewdness of many of his followers. Party discipline was very lax, and the opportunities to make money were irresistible for many office-holders. Further, public confidence was undermined because the government could not or would not check the corruption and smuggling stimulated by extraordinary profits from the rice, tin, and rubber trades and by the availability of wartime weapons. In 1947 it was calculated that at least as much Thai rice was finding its way illicitly to China and Malaya as was being exported through legitimate channels.

The pressure to maintain internal unity in the face of foreign threats to Thailand's sovereignty largely disappeared with the signing of the Anglo-Thai treaty. By early 1946 the Free Thai movement had split into two opposing camps that generally followed the prewar division between the liberal and royalist-conservative civilians. For more than another year the military caste was to remain politically discredited by the alliance that its leader, Pibul, had made with Japan. Two parties (or, more accurately, political clubs) supported Pridi—the Sakhacheep and the Constitution Front; the royalist-conservative civilians, calling themselves Democrats, followed the leadership of three former Free Thai—Khuang Aphaiwong and the two Pramroj brothers—but neither major group had a clear-cut political platform. The government parties stood for vaguely liberal

principles and the Democrats, just as vaguely, for honest and efficient government by "the right men"; but personal rivalries and the desire for power were the mainsprings of both groups. Because of the superior organization of Pridi's clique and the lack of cohesion among the Democrats, who were held together largely by their fear of Pridi's "radical" theories and distrust of some of his followers, the Sahachep and Constitution Front parties held office from March 1946 to November 1947.

In January 1946 elections were held to replace the appointive half of the National Assembly with elected members, and four months later Thailand's second constitution was promulgated. This document, although accepted almost unanimously by the Assembly, had the practical effect of packing the upper chamber with Pridi's followers: by-elections held the following August gave Pridi so firm a majority in parliament that there was no likelihood of a legal change in government until another appeal could be made to the electorate two years later. Meanwhile the mysterious death in June 1946 of the young and popular King Ananda, found dead in his palace bedroom from a bullet wound, had become a political football, the opposition accusing the government of complicity in it, and the latter offering only inadequate and contradictory explanations of the tragedy. Pridi's growing intolerance of criticism, his two prolonged absences from the country, and, above all, his followers' mounting venality and indiscipline helped to consolidate the opposition, whose ranks were swelled by army officers. In March 1947 Pibul heralded his re-entry into the political arena by forming the Tharmathipat party, and in the following July the more conservative—or opportunistic—wing of the Democrats broke away to form a pro-Pibul party called the Prachachon. This breakdown of the existing political groups left the way open for the upsurge of a new force, which under existing conditions could attain power only by violent means. But domestic political maneuverings alone, carried on as they are in Thailand over the heads of the masses, would probably not have produced a *coup d'état*. It was primarily adverse economic conditions that created an atmosphere propitious for the November 1947 coup.

Bound by treaty restrictions and world shortages, and hampered by the reluctance of the British-owned tin and teak companies to resume operations until war-compensation claims were

adjusted, Pridi's government was not a free agent, and it received little co-operation from the mercantile community or the general public. It badly needed hard foreign currencies, but failed to obtain enough of them by such methods as the sale, late in 1946, of Thai gold reserves in the United States, the raising of foreign and internal loans, and an increase in the export trade. No more successful were its efforts to reduce the notes in circulation (which had increased from about 300,000,000 baht to over 2,269,000,000 between 1938 and 1947<sup>1</sup>) and to drive down the cost of living, which had risen more than tenfold during the same period. Nor did exports, particularly of rice, return to the prewar level. Successive laws were passed and agencies set up to remedy the situation. But the laws were not enforced, and the agencies became so discredited by corruption and inefficiency that the government lost what popularity it had, and found itself in serious financial straits.

The successful coup of November 1947, engineered by Pibul's military clique in conjunction with the civilian conservatives, was short and bloodless. The Aphaiwong cabinet that took over embodied an unprecedented array of talent, experience, and integrity, and the provisional constitution—Thailand's third—that it immediately put into force restored many prerogatives to the crown. At the outset, the military remained discreetly in the background. But the new government was only loosely organized, and rifts between the conservative civilian and the army elements soon became apparent. Parliamentary elections held in January 1948 gave a clear mandate to the Democrats, but on April 8 the army simply moved in and replaced Aphaiwong by its leader, or mouthpiece, Pibul. By such camel-in-the-tent tactics the military had shown who was the real master, but it permitted the Democrats to retain control of parliament, notably in the important budget committee, and did not formally change Thailand's governmental structure. Pibul successfully set about winning over the Western powers (who, not unnaturally, were averse to his return to power), promised the people honest and strong government, and generally showed that experience had taught him to cover—at least at the start—the iron fist with a velvet glove.

With the return to power of the army clique, there came a

<sup>1</sup> The value of the baht in 1947 was between 4 and 5 United States cents.

shift in Thailand's foreign relations, a greater stress on economic nationalism, a resurgence of royalist sentiment, and a realignment of political parties. All of these developments, already discernible in 1948, grew more pronounced in 1949. By assuming credit for greatly increased rice shipments abroad, and by taking an "anti-Communist" stand, Pibul so appeased the Western powers that the United States and Britain gave him even more support than they accorded his predecessors. His impartial clamping down on both Kuomintang and Communist activities among the Chinese population brought him popularity at home without giving valid grounds for more than verbal protests from China. And despite his openly anti-Communist stand, Pibul was careful not to give legitimate cause for offense to the U.S.S.R., with which Thailand still maintains diplomatic relations.

Pibul has neglected to establish close relations with India and China—the two rising powers in Asia. But on the whole he has improved his country's international standing. Cordiality with France was assured when he announced that the Indochina border question was closed, and sent a military mission to Saigon. Relations were further cemented through the elevation of the French diplomatic mission to Thailand and the Thai mission to France to the status of embassies. Diplomatic relations were established with the Philippines and Burma, and representatives were exchanged in November and December 1949 respectively. Thailand has also become a center for United Nations organizations. Early in 1949 the Food and Agriculture Organization opened its Far Eastern regional office in Bangkok. At about the same time the Economic Commission for Asia and the Far East moved its headquarters there from Shanghai, and in April it held a meeting in the Thai capital. A few months later the International Children's Emergency Fund set up an office in Bangkok, and throughout the year representatives from the World Health Organization and the United Nations Educational, Social and Cultural Organization visited Thailand.

Communism's victories in nearby China were probably responsible for Pibul's indecision regarding two southeast Asian situations that arose in 1949. In January Thailand refused to participate in the conference of Asian nations on the Indonesian question, called by Indian Prime Minister Nehru at New Delhi, and then relented only to the point of sending an observer.

Later in the year Pibul was cool to Philippine President Quirino's plan for a southeast Asian union. He proposed, without success, an alternative project whereby delegates from Burma, the Philippines, and India should meet at Bangkok in September to discuss common interests. In his relations with China, Pibul has generally taken a noncommittal stand. Though the Thai embassy in China was closed in 1949, Thailand did not break off diplomatic relations with the Nationalist government. In September Pibul stated that he would welcome to Thailand Anglo-American troops helping the country to resist foreign aggression. He took no action on the bid made that same month by Mao for recognition of the new China government, but did not indulge in reprisals for the Peking radio's attacks on Thailand as a Fascist satellite of the West.

So far, little opposition to Pibul's regime has been evident among the general public in Thailand. Of the Thai electorate, based on universal adult suffrage, only twenty-two per cent voted in the national elections of January 1948, but barely ten per cent, including a large army element, bothered to cast their ballots in the by-elections for twenty-one new members of Parliament on June 5, 1949. The November 1947 coup, followed by Pibul's displacement of the Aphaiwong administration, had apparently convinced the Thai public that its franchise was meaningless. Thus, because the public was indifferent, fearful, or resigned, the government's major opponents in prison, exiled, or dead, and the press muzzled by the police, the only existing internal checks upon Pibul's military dictatorship have been supplied by the army officers hostile to the "1947 coup party" and by the Parliamentary opposition.

In the political sphere the year 1949 witnessed the adoption of Thailand's fourth constitution, a strengthening of royalist conservatism, and a weakening of the civilian liberal group. It also saw, in June and October, clashes between various branches of the armed forces, in which the army strengthened its ascendancy over both the police and the navy. In the legislative field, the anti-Chinese trend, partially reflecting the situation in China, was reaffirmed by measures reducing Chinese immigration (from 10,000 annually to 200), curtailing land ownership by foreigners, and tightening alien registration and naturalization requirements.



Thailand's new constitution, prepared by a Constituent Assembly of equal Lower and Upper House membership, was approved on January 28, 1949, by 125 to 30 votes. The debate leading to its adoption was broadcast for public consumption, and disclosed serious conflicts among the parties supporting the government. When the year began, the pro-government parties—the Prachachon, the Tharmathipat, and the Independent<sup>2</sup>—together had about the same number of seats (45) as their major opponents, the Democrats. The last-mentioned group suffered a setback in the June parliamentary by-elections, and a government nominee won the Lower House Speakership. This reverse resulted chiefly from a consolidation of the parties supporting Pibul after an abortive coup by Pridi and his followers late in February. But by August the Democrats had rallied sufficiently to subject the government's policy to a long and strenuous attack in parliament, and in November they defeated in the Upper House the supplementary budget proposed by the government to strengthen the army and police.

The new constitution, which was drafted mainly by royalist Democrats, had—by its terms—to be accepted or rejected *in toto*, thus ruling out the possibility of further modification. Liberals objected to the restoration of monarchical privileges, including the royal appointment of the Upper House, hitherto elected by the Lower House. The army clique saw a threat to its authority in the crown's control over appointments and troop movements, in the powers still retained by the elected Lower House, and in the constitutional safeguards for civil liberties and free economic enterprise. Opportunists of all stripes feared the elimination of a rich field of patronage as a result of the provision requiring the resignation of officials who also derived income from enterprises run by the government, and making compulsory the continuation of policies in such technical fields as agriculture and industry regardless of what administration was in control. Representatives of the minorities objected to the overcentralization of the State. Members of parliament from the northeastern provinces accused the government of neglecting that area, and the Muslim Malays

<sup>2</sup> In Thailand, political parties are not countrywide or based on advocacy of differing programs. They are simply the organized following in parliament of individual leaders.

in the south were not placated by Pibul's promise of greater educational and religious autonomy.

Yet the constitution was passed by a sizable majority, presumably because it was regarded as representing the widest area of agreement then possible. Opposition to it remained so strong, however, that its promulgation was delayed until late March, when a cable from King Phumiphon in Switzerland prodded the Supreme Council into taking action. By that time the issue had become largely academic, for an unsuccessful coup staged by Pridi and his followers at the end of February had given the government an excuse for declaring a state of emergency and imprisoning or "eliminating" many of its chief opponents.

The attempted coup of February 1949 did not follow the classical Thai pattern. It lacked the backing of the army—that indispensable element—and it had the novel feature of some navy participation. As the navy was poorly represented in the government and had been allotted only a meager share of the budget, its re-entry into the political arena was probably due less to ideological sympathy with Pridi's group than to resentment of army predominance. Double-crossing by high naval officers who had pledged support to Pridi was said to be responsible for the coup's failure. In reacting to this outbreak, Pibul handled the navy with kid gloves, publicly attributing its action to a "misunderstanding," but he arrested as suspects scores of his most formidable political adversaries, and others fled the country. Pridi and a few of his chief collaborators escaped, but four of his outstanding followers—all of them former ministers and all from the northeastern provinces—were shot in March, while nominally in police custody.

The failure of this plot strengthened the grip of the army and its satellites, the police, led by Generals Phin Chanhavan and Phao Sriyanon. That they felt even freer than before to set aside the normal processes of law was indicated by their success in getting themselves compensated for the millions of baht spent on the November 1947 coup, and by their dismissal in April of the "rupee case," in which the Deputy Commander-in-Chief had been charged with illegal exchange transactions in the purchase of army supplies in India. Informally organized to preserve the privileged position they had seized, these and other "1947 coup

officers" were also extending their control over profitable business enterprises. As had been shown by the unsuccessful coup of October 1948, staged by a few disgruntled army officers, not all the military favored the entry of a privileged group among their colleagues into either commerce or politics; and the Board of Defense, in April 1949, tried to draft legislation for the purpose of keeping the army out of politics.

But the officers who filled the main cabinet posts and even headed the new government-sponsored Thai Labor Union were not going to vote themselves out of power. Moreover, the technical resignation from the army of most of the officers holding non-military portfolios or membership in parliament—although they admittedly expected to return to active service after a few years in politics—removed them from the jurisdiction of the Board of Defense. At the year's end the struggle was highlighted by the government's dismissal of the commanders of the air force and of the territorial defense unit and the exile of the Deputy Commander-in-Chief, suspected of organizing his own army following.

In a surprisingly strong attack upon the policies of the new government as reconstituted by Pibul after the June by-elections\* (with virtually the same cabinet line-up), the opposition concentrated on the army's special position. During two weeks of heated debate in July, it was charged that Thailand had become a police state in which the government and the army were by-passing constitutional methods and creating a sense of public insecurity. Specifically the government was accused of interfering in the June elections through fraudulent voting and through a pressure campaign conducted by the deputy minister of the interior. Deterioration in both public service and army discipline was attributed to the presence of "coup officers" in government posts totally unrelated to military matters, to their covering up the misuse of public funds, and to army participation in commercial enterprises. Also attacked was the army's staffing of the principal police commands, as well as the generally high-handed and venal behavior of the military. To these charges Pibul replied only that the allegiance of the army and the police was to him personally and was not political in nature;

\* Necessitated by the new constitution's provision for one parliamentary representative to every 200,000 (instead of 150,000) of population.

that he was trying to improve discipline within the ranks of both; and that—far from decreasing the power of the police—he planned to double their numbers in order to cope with subversive unrest and the still widespread corruption and opium smuggling.

The strength of parliamentary opposition to the army-dominated government derived in part from growing royalist sentiment and from the tendency shown, as the year progressed, for remnants of the Sahacheep and Constitution Front parties (former supporters of Pridi) to align themselves with the Democrats. The latter trend was underscored in October by the return from voluntary exile in China of Damrong Navasawat—former premier and Pridi's front-man—to Thailand and to political activity. This seemed to indicate that the Free Thai groups were losing their faith in a political comeback by Pridi.

The growth in royalist sentiment seems to have been nationwide, and was apparently stimulated by three events involving the royal family. In the summer of 1949 former Queen Rambai Barni returned to Thailand with the ashes of her husband, King Prajadhipok, Thailand's last absolute monarch. At the same time Prince Boveradej, leader of the royalist revolt in 1933, was allowed to come back to Thailand after a sixteen year exile in Indochina. In addition, in the early months of 1949, a state funeral was given to Phya Mano, Thailand's first premier and advocate of the restoration of monarchical powers. In August the Thai people learned of the engagement of King Phumiphon to a Thai princess and of the prospect of his oft deferred return to Thailand for his coronation and marriage. He came back to Thailand for these ceremonies in the early months of 1950, but left again afterward. The opposition to Pibul had focused on the young king's return as the panacea for the country's internal problems.

The opposition's parliamentary attack spent its force chiefly against the interior and defense ministries, for there were mixed reactions to the government's educational program and virtually no objections to its economic projects or foreign policy. The proposed allotment of about five hundred million baht to education, or more than one fifth of the total 1950 budget, marked so enormous an increase over previous appropriations that criticisms of the program it entailed were largely stilled. Budgetary

provisions for a widening of primary education and for more scholarships for study abroad, the prospective elimination of school fees and inadequately trained teachers, and the announced policy of curtailing drastically the Chinese educational system, were popular.

Yet along with these improvements came increasing governmental interference in strictly academic matters. In March 1949 the government reorganized the University of Moral and Political Sciences, largely because it had always been a stronghold of Pridi supporters, and dismissed from its staff those suspected of being implicated in the February plot. In the same month, military training was introduced into some of the higher state schools. The most flagrant instance of governmental meddling occurred in June when the cabinet ordered the minister of education to grant special dispensation to a group of secondary-school students—among them the son of a member of parliament—who had failed to make a passing grade.

Exception was taken in parliament to the poor quality of teaching in the state primary and secondary schools, shown by the recent failure of half the applicants from such institutions to meet the university entrance requirements. But no voice was raised publicly to urge an increase in the absurdly low salaries of teachers or the advancement of the literacy campaign that had been initiated by an American expert invited by the government to help improve adult education. Literacy in Thailand is variously estimated at twenty-five to fifty per cent of the population.

After education on the government's agenda came agricultural improvements and an extension of the communications system. Both were related to the promotion of rice exports, which had become the bulwark of Pibul's support abroad and of revenues at home.<sup>4</sup> Because Thailand had acquired more than one billion baht from that source in 1948, the country's sound prewar financial position was restored, and needed capital

<sup>4</sup> The rapid strengthening of Thailand's financial position was due chiefly to its rice-purchase policy, whereby rice exporters had to surrender all their foreign exchange to the government and accept payment in baht at the official exchange rate, which greatly overvalued the baht. The government benefited directly from a heavy surtax on rice, and indirectly from the acquisition of exchange with which it could import on its own account and from the sale of sterling (no dollars were sold) on the open market.



equipment could be purchased in Great Britain and the United States. In July the minister of finance was able to announce that, owing to the record postwar export of over 812,000 tons of rice in 1948, Thailand enjoyed for the first time since the war both a budget surplus (353,000,000 baht) and a favorable trade balance. By February, Thailand had already been able to repay the last installment of the fifty million rupees it had borrowed in 1946 from India, thus reducing its external indebtedness to about £2,000,000 and \$6,000,000.

Expenditures in 1949, it had been estimated at the end of the previous year, would reach an all-time high of 1,598,000,000 baht; but seven months later it became evident that they would be more than covered by revenue, with a prospective surplus of about three hundred million baht, despite the loss of some ninety million baht because of restriction of the opium trade. Part of the current surplus was to be used to withdraw some of the 2.5 billion baht or more of notes in circulation, as well as 800,000,000 baht in credits; part to increase the basic allowance of officials from 150 to 200 baht monthly; and part to increase Thailand's treasury reserves. The finance ministry also proposed a supplementary budget of 188,000,000 baht (passed finally in the Lower House after having been defeated in the Senate because of the large military appropriations it contained) and an "economic mobilization of surplus cash holdings" by spreading government-savings-bank and state-lottery activities throughout the provinces.

In September 1949 there occurred two fiscal events of importance to Thailand. The first was the devaluation of the pound sterling, to which the baht was linked, and the second was the prospective return of forty-three million dollars' worth of gold that had been held by Japan on wartime credit for Thailand. Differences between Pibul and Prince Vivat regarding currency revaluation led the latter to resign as finance minister and ended with a revaluation of the baht from 40 baht to a pound and 10 baht to a dollar to 35 and 12.50 respectively. Pibul took over the finance portfolio and stated that he would retain it as long as he remained Premier. Towards the end of the year Thailand was visited by experts from the International Monetary Fund to advise on currency revaluation and by an economic survey mission from the International Bank for Reconstruction and Devel-

opment, to which Thailand had applied for a loan. This aid was requested for an irrigation project at Chainat, a power project in Kanchanaburi province, and transportation rehabilitation. The experts' recommendation had not been received by the year's end, but Thailand's sound financial position—further strengthened by the addition of a large amount of gold to its treasury reserves in November and December—made the granting of the loan a probability. In December 1949 the budget bill for 1950, amounting to a total of 2,470,000,000 baht, was still at the committee stage.

Far from easing restrictions as a result of its financial windfalls, the government planned to increase revenues further by applying more drastic import duties to luxury articles, raising some export duties and license fees, expanding officially sponsored industries, and, above all, increasing the volume of its rice trade. Despite the failure of its effort to raise the price of rice following devaluation of the pound in September, Thai rice exports had earned, by December, almost thirty million pounds sterling, about thirty-seven million U.S. dollars, and over one million Swiss francs. With the termination of the International Emergency Food Commission on January 1, 1950 the government anticipated opportunities for much larger rice shipments, notably to Japan and the Philippines, and nominally eased its monopoly of the rice export trade. But the few private firms that were to be permitted to export limited quantities of rice in 1950 were required to buy their rice from the Government Purchasing Bureau with foreign exchange, and to obtain a permit to do so. Therefore little actual change was expected in the existing governmental monopoly.

Adverse weather conditions late in 1949 undermined earlier optimistic forecasts of Thailand's rice production in 1950. By implementing two of the chief recommendations made by the Food and Agriculture Organization experts in 1948—that an agricultural planning board be created and that irrigation water be better controlled—it was hoped (though the goal was not quite reached) to match in 1949 the prewar annual export of 1,500,000 tons of rice and to increase production per unit so as to offset the diminishing availability of good paddy land. Other long-range improvements that were contemplated included mechanization of rice cultivation, control of rinderpest, encouragement of the co-

operative movement, domestic production of fertilizers and gunny sacks, distribution of high-quality seed to farmers, improvement of storage facilities, and standardization of rice exports. In 1950 the government launched a ten-year scheme for railroad rehabilitation (1,109,000,000 baht) and a five-year plan for road extension (923,000,000 baht), with the immediate objective of increasing rice shipments and the long-term aim of improving rural living and working conditions.

In contrast to the government's prosperity, that of private traders has declined. The postwar business boom that began for Thailand in 1946 definitely came to an end in 1949. In 1948 Thailand had been the only country in southeast Asia to show a favorable trade balance, but by May 1949 the balance was reversed. For 1949 as a whole, however, the balance of trade was in Thailand's favor.

In the field of imports, a trade agreement negotiated with Japan disappointed merchants in Thailand, although the government was able thereby to obtain sorely needed railroad equipment in exchange for shipments of glutinous rice. To eliminate some of the red tape impeding private trade with Japan and to permit the exchange of a wider variety of goods, a new agreement was negotiated with SCAP in December 1949. During the year Czechoslovakia sent in increasing quantities of manufactured articles, including automobiles and sewing machines, and the hope was expressed in Bangkok mercantile circles that Czechoslovakia would assume the position in Thailand's import trade that Germany had held before the war. As a result of Communist victories in China, imports from that country became scarce, and one consequence of this decline in the China trade was a freight-rate war between the shipping companies serving Thai ports.

Prices for Thai exports, with the exception of rice and pepper, dropped sharply in terms of dollars after the pound was devalued in September. Already, earlier in the year, merchants in Thailand had complained of hard times after the government had raised the export duties on some products in order to keep down domestic prices. Even prior to devaluation, when the trend of rubber prices had been upward, a shortage of labor in Thailand's rubber-growing area had been reflected in declining production. The requirement that rubber shippers surrender twenty per cent of all their foreign-exchange earnings to the

government was another cause of grievance and pessimism. For Thai tin exporters, on the other hand, the year proved unexpectedly good, although Thailand's tin shipments had not yet returned to the prewar annual average of sixteen thousand tons. The price for Thai tin held up surprisingly well. By the year's end the government had not raised its tin royalty rate as anticipated, and had decided to reduce the share—formerly fifty per cent—of the earnings of foreign exchange which tin merchants were compelled to turn over to the Bank of Thailand. Timber exporters, however, were adversely affected in 1949 by the imposition of an export duty on certain woods and an increase in that already levied on others. Protests of timber merchants and sawmillers proved unavailing, and by the end of the year teak remained the only major wood not yet placed under official control. Pepper exports—like those of rice—attained a record post-war level in 1949.

The Pibul government has certainly evinced a livelier concern for economic planning than has any preceding Thai administration. It also claims credit for having reduced crime generally and rice smuggling in particular, as well as for having lowered considerably the cost of urban living. But local Cassandras have pointed out certain weaknesses in its economic policy. The most dangerous of these is held to be the understressing of a more diversified economy. When the strife in rival rice-exporting countries comes to an end, Thailand can expect more competition and lower prices for its rice, and its rubber exports will meet with a similar problem. Thailand now holds first place as a rice-exporting country and stands fourth in shipments of rubber. Its shipments of sticklac are also being maintained. But exports of other commodities, lacking sufficient government encouragement, have not recovered from the effects of the Japanese occupation. Such war-born industries as tin smelting and shellac are dead or moribund, and there is a shortage of hard currencies available to private merchants in Bangkok. Though the ministries of agriculture and industry plan to extend vegetable and fruit culture and poultry raising, improve pisciculture, establish canning and weaving factories, increase sugar production, and pursue other projects, little effort is being made in these fields to improve quality or to slacken export controls.

In essence the present official program is simply a larger

implementation of the prewar drive for self-sufficiency, and almost no one has protested against the narrow and short-sighted nationalism that inspires it. Little but approval has greeted such measures as that proposed in June 1949, to the effect that only Thai citizens may own land, or the limitation imposed in February and May on the participation of foreigners in certain professions and trades, or the drastic reduction in the Chinese immigration quota, or the nationalist-colored decision announced in February to grant no mining concessions to private interests north of Chumphorn. The only objections raised have related to the inefficiency and corruption rampant in governmental economic ventures. Thus the Government Purchasing Bureau, set up with the laudable aim of driving down living costs and aiding Thai merchants to acquire cheap goods and business experience, has become involved ever more deeply in a speculative import business, sometimes making profits but more often sustaining losses. Similarly, the semiofficial Transport Organization, formed to provide merchants with greater transport facilities, became so riddled with graft that its dissolution was proposed in July by a cabinet minister. The War Veterans Organization has been the target of intermittent and ineffectual parliamentary attack, for it is a striking example of the current trend of army favoritism, of an ever wider network of activities competing with private trade, and of pervasive corruption. It is noteworthy that, while no exception has been taken to the principle of government control over trade and industry, there is a growing insistence that official enterprises be run on a businesslike basis and be divorced from party politics. Corruption in itself is not condemned, and it has been censured only when it has interfered immoderately with the livelihood of too many people.

Likewise in the field of foreign relations it appears that no absolute principles are adhered to, and Pibul is now able to blame American pressure for unpopular measures. Some objections have been voiced to the raiding of Chinese presses, schools, and houses, which has become almost an everyday occurrence under Pibul's regime—not on the ground that it has involved injustice, but simply with an eye on the possibility of China's being able to retaliate. When, in July 1949, Pibul was reproached\* in parliament for following a foreign policy too obviously aimed at winning the support of the Western bloc, he



made the acceptable reply that his government would never be so strongly anti-Communist as to involve Thailand in an open conflict.

Unabashed opportunism characterizes contemporary Thailand, and the only test of a government's policy or an individual's behavior is whether or not it may be successful. Pibul's primary concern is for immediate gains. Although he has improved Thailand's fiscal position, it has been largely by increasing the country's dependence upon the rice crop. And in creating an effective police state, he has alienated many by his violent and arbitrary methods. For his continuance in power he relies upon a far-from-disinterested, faction-ridden army. His prospects for survival appear to depend, internationally, upon the amount of tangible aid he receives from the Western powers and, domestically, upon the disunion and weakness of his adversaries. Pibul has shown an awareness of his precarious position by dragging out the trials of those suspected of participating in the plots of October 1948 and February 1949, and by failing to publish the report of the committees that investigated the armed-services clashes in 1949.

During 1950 Thailand enjoyed outstanding prosperity. Its economic well-being, like that of Malaya, was due mainly to the strong demand and high prices for tin, rubber, and wolfram that resulted from the Korean war and the stockpiling race. Rice exports were maintained at least at the 1949 level, tin output was increased by some three thousand tons over the preceding year, timber exports were greater, and some progress was made toward a modest industrialization of the urban centers. The eight-million-dollar program launched in Thailand by the Economic Cooperation Administration, and the grant of an International Bank loan for projects expected to cost over twenty-five million dollars, testified to the soundness of Thai public finances.

The year was a more peaceful one for Thailand than any since the 1947 *coup d'état*. Even the threat of a counter-coup diminished; conflicts between members of the armed forces and the police were fewer; there was surprisingly little perceptible reaction among the Chinese community to Communist China's successes in Korea; and the opponents of the government seemed to have lost heart. True, there was the customary parliamentary attack on budget expenditures and on government

policy generally. But when the Democrats came out against Premier Pibul's pledge to support United Nations action in Korea by dispatching to that front a Thai expeditionary force of four thousand men, it was not on the ground of a different international policy but simply on the practical issue of its being too great an effort for so small a nation as Thailand. Yet even such mild displays of opposition stirred the pro-Pibul factions to demand that the power of the parliamentary opposition be reduced by an amendment to the constitution. One of the few encouraging developments in 1950, for advocates of Thai democracy, was the effort made to improve and strengthen local and municipal administration throughout the country.

Unless some strong external force should bring extraordinary pressure to bear on Thailand, the prospect of an overthrow of the Pibul regime—now strengthened because of its maintenance of order and prosperity—seems remote.

# BURMA

S. B. THOMAS



BEFORE World War II Burma, even to most Americans interested in world affairs, was little more than a remote British dependency. All of its political and most of its economic ties were with the Empire, while American contacts there, apart from missionary activity among the important Karen minority, were slight. But the opening of the Burma Road to China in 1939 brought the region into international prominence, and with its transformation into a battleground after Pearl Harbor the defense of Burma became vital to America's national interest.

The end of the war found Burma—like most of colonial Asia—with a powerful nationalist movement able to challenge efforts to re-establish prewar relationships. Burma's struggle for independence, though later peacefully resolved, was basically a product of violent and uncontrollable forces. Independence by itself, of course, could not solve the country's problems. But it did destroy a relationship that had helped to create many of these problems and had prevented their forthright solution. The disorder that followed the end of British rule is some measure of the profound dislocation of Burmese life that had occurred within the framework of British-maintained order. Burma must now create a society more in harmony with the needs and aspirations of its people. In the broader world scene it will look for guidance and give support to those who can help it achieve this end.

Burma is a tropical agricultural country bordered by India, China, Indochina, and Siam, and facing the Bay of Bengal. It is ringed by mountainous territory and is readily accessible only by sea. The great Irrawaddy River valley makes up the central plains area of Burma. Together with Arakan, a fertile coastal

strip bordering India, and Tenasserim, a four-hundred-mile stretch of coast along the Siamese frontier, it is the center of Burma's population and the source of its agricultural wealth.

Under British rule the country's area of some 260,000 square miles was divided into "Ministerial Burma" (Burma proper), subject to the administrative control of the government of Burma, and the "Excluded Areas," controlled directly by the governor, who was responsible in the administration of these areas only to the Secretary of State for Burma in London. The "Excluded Areas" were the hilly frontier regions comprising forty per cent of the country's territory and inhabited by peoples who differed more or less markedly among themselves and from the Burmese.<sup>1</sup> Generally lagging behind the Burmese in cultural and economic attainments, they were governed through their own indigenous institutions. In an estimated total population of about seventeen million after World War II, there were perhaps something over eleven million Burmese. The Shans numbered over one million, while the Kachins, Chins, and other groups totaled perhaps one million more. The Karens, estimated at one-and-a-half million, constitute a special problem; first located in the hilly Karenni States, the great majority have since migrated into the plains, scattering over Tenasserim and the Irrawaddy and Sittang delta. They have maintained their separate identity and a substantial minority have been converted to Christianity. They have traditionally been an important source of manpower for the military establishment in Burma.

Nonindigenous minorities have also played an important role. The more than one million Indians in prewar Burma (many of them transient laborers) had a significant economic influence that was increasingly resented by the Burmans. Less intensely disliked were the two hundred thousand Chinese, more akin to the Burmans than were the Indians; they were important in the mercantile field and as laborers in the mining region bordering China, but their influence on the economy was not so strong as the Indian impact. Anglo-Burmans were entrenched in the middle brackets of the civil service, while the British held a dominant position in the highest brackets of government and business.

<sup>1</sup> The term "Burmese" refers to members of the majority linguistic and cultural group in Burma, while "Burmans" refers to nationals of the political unit of Burma.

Burma proper has two distinct economic regions. Lower Burma, a wet region centered in the lower Irrawaddy valley and the delta area, is the main source of paddy rice. Upper Burma, the original home of the Burmese people, includes a dry zone with an over-all subsistence rice economy, and other areas growing diversified crops for an outside market. Burma's industries have been almost solely concerned with processing its primary products. In 1931 nearly seventy per cent of the people were engaged in agriculture, while industrial workers numbered scarcely more than ninety thousand. The latter were largely employed in rice and lumber mills, mining, and oil extraction and refining. Railway and dock engineering shops, some shipbuilding, textiles, cement, and other small factories made up the remainder of Burma's industry. Over sixty per cent of industrial laborers were Indians.

All large enterprises and most small businesses were foreign-owned. Foreign business investments in 1941 were estimated at £47,200,000, almost wholly British or British-controlled. The private Indian investment (belonging principally to Chettyars<sup>2</sup>), two thirds in agriculture and the rest in urban investment, was estimated at £56,000,000. Total foreign investment, including public debt obligations held by foreigners, was over £155,000,000. These investments were lucrative, and, with most foreign exchange returning abroad as dividends, remittances, and interest on the public debt, Burma's highly favorable balance of trade contributed little to the well-being of the Burmans.

Prewar Burma was the world's largest exporter of rice and teakwood. It also produced a significant quantity of oil and was important for its lead, silver, tungsten, tin, and precious stones. Its annual exports just before the war averaged over \$175,000,000, of which more than eighty per cent went to British Empire markets, mainly India. Imports averaged about \$85,000,000, of which some fifty per cent came from India and about twenty per cent from the United Kingdom.

Not until the third Anglo-Burmese War (1885) did the British complete the incorporation of all Burma into the Empire—a process begun early in the nineteenth century. Though dissimilar in practically all respects from India, Burma was linked

<sup>2</sup> An Indian banking caste from Madras, active in Burma.



to that country. In the 1920's and 1930's Burma was granted an increasingly autonomous administration, paralleling the limited constitutional reforms conferred on India. The Government of Burma Act of 1935 provided for the separation of Burma from India. Although they wanted separation and had been assured of equal treatment, nationalist groups feared that a separate Burma might not benefit from repeated British declarations that India would ultimately have full self-government. In 1937, after the introduction of a more liberal constitution, Burma was formally separated from India.

This constitution seemed to place considerable governmental authority in Burman hands; but the government's powers were limited in many fundamental respects. The frontier territories were still administered through the Crown-appointed British governor, who also controlled such matters as defense, external affairs, monetary policy, and the Imperial civil service. He had a veto power over all legislation and, even in departments controlled by ministers responsible to the legislature, he could assume final authority if he deemed this necessary to safeguard the Crown's interests.

The great achievement of British rule lay in providing the economic and political framework and the incentive for developing Burma's rich resources and making them available to the world. Some ten million acres of swampland and jungle in Lower Burma were brought under cultivation and transformed into one of the world's great rice-producing areas. The British developed oil, mineral, and forest resources and modern transport and communication facilities. In its general standard of living and in education and health Burma compared favorably with most of its neighbors in Asia.

Yet this was not the whole story. These developments, inevitably destroying the relatively stable structure of the pre-British Burmese village, failed to create a satisfactory new social and economic pattern. While village industry was largely undermined, the new enterprises fell almost entirely into foreign hands; and when population growth and unfavorable agrarian developments turned the Burmans toward the cities for employment, they found imported Indian labor doing the work more cheaply and docilely. Emphasis on an English literary education as the road to civil service preferment undermined the older

Burmese culture, while those Burmans who had received university educations found employment opportunities limited.

Bringing Lower Burma under cultivation had many particularly unhealthy consequences. Most of the financial aid needed by the new cultivators was extended by the Chettyars through mortgage loans. Completely dependent on the rice millers' and exporters' price for rice, inexperienced in business, and operating on a margin so narrow that one bad year would bring disaster, great numbers of cultivators failed to hold their land. The moneylenders resold mortgages to new cultivators and the process was repeated. Land accumulated in the hands of landlords who tended to lease it on an annual basis to the highest bidder—frequently not the same tenant from year to year. The commercializing of agriculture also increased the number of seasonal and part-time migrant agricultural laborers.

The world depression compounded these problems. The price of rice dropped catastrophically and foreclosures multiplied. By 1936 the Chettyars alone owned outright approximately one quarter of the ten million acres of Lower Burma paddy land and held mortgages on perhaps a million-and-a-half more.<sup>3</sup> By 1939, fifty-nine per cent of the agricultural land in Lower Burma and thirty-two per cent in Upper Burma was leased, and forty to seventy per cent of the tenants were reported to be changing holdings after less than three years of occupancy.<sup>4</sup> Many Indian cultivators, accustomed to a lower standard of living and therefore willing to pay higher rents, began supplanting Burmans as tenants. Thus the mass of the agricultural population, transient, landless, debt-ridden, and rack-rented, constituted a deeply discontented and socially unstable force, which only British authority could keep in check, and which contributed no little to the unparalleled growth of dacoity (armed gang robbery) in the countryside. At the same time, the general economic frustration and discontent among Burmans of all classes expressed itself in a profound antiforeignism and nationalism.

In this climate political activity developed rapidly, particularly after 1937. It was marked by intense personal rivalry, bas-

<sup>3</sup> J. R. Andrus: "The Agrarian Problem in Burma," *Pacific Affairs*, September 1946, p. 263.

<sup>4</sup> *Ibid.*, p. 264.

ically opportunistic in character, and was permeated by unscrupulous and corrupt elements. Nevertheless these political forces reflected Burma's nationalism. All major political groups demanded increased Burmanization of the public services, the army, and business, and restrictions on Indian immigration; they identified themselves with Buddhism, the predominant religion of Burma. Failing to develop a strong popular base, they tended to look for foreign support. As a result, especially after 1939—with Britain deeply involved in the European war and Japan overshadowing southeast Asia—a significant number of Burmese leaders turned to Japan for aid.

Important in politics in the immediate prewar years were the Sinyetha (Poor Man's) party, led by Dr. Ba Maw, the first prime minister after Burma's separation from India in 1937; and the Myochit (Patriotic) party of U Saw, an ex-journalist who was prime minister at the time of the Japanese invasion. U Pu, of the United party, was head of the government in 1939-40; and Sir Paw Tun, who headed the Burma government-in-exile in India during the Japanese occupation, and U Ba Pe were also prominent in prewar governments.

Between 1939 and 1941 laws were passed to deal with the increasingly serious agrarian problem. But much of this legislation proved ineffective, while difficulties involved in implementing the remainder had yet to be solved at the time of the Japanese invasion. Some progress was made in Burmanizing the civil services and, after September 1939, in opening the defense service to the Burmese. Agreements restricting free trade and immigration with India were reached in 1941, though not implemented.

Meanwhile new forces were gathering which were to help win Burma's independence. The 1930's were punctuated by frequent strikes and riots among the workers and students of Rangoon. The organization of labor and the peasantry had some initial success, although it was impeded by Indian-Burman animosity. With the economy in foreign hands, anti-imperialism was easily equated with anticapitalism, and Marxist literature found a ready response among students at Rangoon University, who formed the Dobama Asiayone (We Burmans Association) in 1935. The practice of members in greeting each other as "Thakin," an honorific meaning "Master" (commonly used by Burmans as a

polite equivalent for "Mister" in addressing Britons), caused the group to be known popularly as the Thakins. They called for immediate and complete freedom for Burma, advocated a radical economic program, organized strikes in the cities, and carried their program into rural areas. Many of their leaders were imprisoned by the British, particularly after the outbreak of war in Europe.

The Thakins were chiefly divided into a Socialist and a Communist wing. Among those with Socialist sympathies were Aung San, a dynamic ex-student leader at Rangoon University; Thakin Mya, a successful pioneer in organizing a peasants' union; and Thakin Nu, a reflective personality with deep Buddhist convictions. The leading Communists were Thakin Soe, an extremely zealous and uncompromising individual; Than Tun, an able organizer, more flexible than Soe; and Thein Pe, a journalist converted to Communism through contact with the Indian Communist party. Aside from such contacts with the Indian party, these Communists appear to have had no direct ties abroad. Most of the Thakin leaders were extremely young—many of them members of the class of 1937 at Rangoon University.

The beginning of the European war and the growing probability of a Japanese push into southeast Asia enabled the Thakins to reach common tactical ground with some of the old-line politicians. Resentful at being formally involved in the war by Britain, and encouraged by British military weakness, many of the older politicians began to think in terms of independence; Japan's challenge to European dominance in southeast Asia persuaded most of the Thakin leaders that they must work with Japan to realize their goals. These groups apparently made contact with the Japanese in late 1939 and early 1940.

While most of the leaders were jailed shortly thereafter by the British, Aung San escaped from Burma and in 1940 found his way to Japan, where he was subsequently joined by some thirty associates. This group later received military and political training from the Japanese, returned to Burma with the invading Japanese forces, and became the spearhead of the "Burma Independence Army." They became popularly known throughout the country as the "Thirty Heroes."

In January 1942 Prime Minister U Saw, returning from

London after an unsuccessful attempt to extract major concessions from the British, was arrested and interned on charges of treasonable correspondence with Japanese agents. The British found themselves virtually isolated in the face of the Japanese invasion. They had organized practically no Burmese military forces to aid them in defending Burma and had failed to swing any nationalist sentiment to their side by offering a plan for Burmese independence. They received some support from the Karens and the frontier peoples, but such aid as the Burmese gave went predominantly to the Japanese. The Burma Independence Army, which effectively helped the Japanese, quickly gained adherents and was estimated to number at least ten thousand effectives when the defeated Allies fell back to India in mid-1942. During and after the campaign many Burmese forces, acting irregularly, engaged in looting and killing among the Karens in the delta region, leaving a legacy of fear and hate that deepened the traditional animosity between the two peoples.

In 1942 the Japanese set up an interim government in Burma under Dr. Ba Maw, who had been first Prime Minister after the separation from India; but the powers of this government were severely limited. On August 1, 1943, to enlist further co-operation, the Japanese declared Burma "independent" with Ba Maw as chief of state and a cabinet consisting largely of Thakins. The Burmese forces became the "Burma National Army" under Aung San, the minister of national defense. Than Tun, the Communist leader, Thakin Mya, the Socialist leader, and Thakin Nu also became members of Ba Maw's cabinet.

Though fundamentally spurious, this "independence" had some positive meaning for the Burmans. The now Burmanized administration was largely left alone in its conduct of day-to-day affairs; its leaders gained practical experience and consolidated their position in the country. While under over-all Japanese control, the Thakin component of the government buttressed its position in the country through the National Army and through the peasants' unions and co-operatives developed by Thakin Mya and Than Tun.

Some half-a-million Indians, including most of the Chettyars, had fled to India with the Allied remnants. Those Indian



landowners who were left behind clustered in Rangoon where both they and the Burman landowners found it next to impossible, because of the breakdown of communications and tremendously unsettled conditions, to collect most rural rents or interest. Few taxes, too, were collected, and the government financed itself chiefly by inflationary currency issues. With normal foreign markets closed and shipping unavailable, rice glutted the market. Tenants grew only as much rice as they needed or could exchange for goods near by, and much land went out of cultivation. Many agricultural laborers "squatted" on the land, while others joined Aung San's forces and were supplied by the peasants with food and lodging. The Japanese occupation thus in a sense created an agrarian revolution, and the peasant tended to look upon the army and the peasants' unions as defenders of the new state of affairs.

With imports cut off there was an acute shortage of consumer goods, particularly cloth. Allied destruction and wartime shortages brought industry to a standstill, while Burmans were conscripted in increasing numbers by the Japanese for labor on military projects. These developments, coupled with the increasing probability of Allied victory, hastened the general disillusionment with Japan.

The nationalist leaders realized that further identification with Japan would prove a handicap for the future. During the latter half of the war many of them played a dual role—secretly promoting a resistance movement while participating in the Japanese-sponsored government. By late 1943 Than Tun and others were organizing an underground anti-Japanese political movement, which was soon joined by Aung San. In March 1945 the National Army under Aung San revolted and joined the resistance. Provided with additional arms by the British, the army (renamed first the Patriotic Burmese Forces and later the Burma Patriotic Army) gave effective guerrilla aid to the British in the reconquest of Lower Burma. In 1944, the resistance forces had already been organized into the Anti-Fascist People's Freedom League (A.F.P.F.L.) under Aung San and Than Tun. The A.F.P.F.L. emerged from the war a powerful, popular coalition embracing the army, the Socialist and Communist parties, many elements of the other prewar parties, and student, labor, and peasant unions. Other Burman political groups presented only

weak alternatives to the A.F.P.F.L., and the latter seemed the logical political force for the British to deal with after the war.

Physically, Burma had suffered severely. Two devastating military campaigns, combined with the effects of the scorched-earth retreat of the British in 1942 and the constant Allied bombings thereafter, had left the country virtually prostrate. Two thirds of Burma's productive capacity had been destroyed, its cities were wrecked, transport and communications were severely damaged, and millions of acres of rice land were out of cultivation. Consumer goods were almost nonexistent and inflation was rampant. Banditry and general lawlessness were intensified by the great quantity of arms in the country. There was also the problem of controlling the "legally" armed men who had fought in the resistance movement. To re-establish order, carry out reconstruction, and restore agricultural production called for the fullest co-operation from all sections of the population; the people in turn wanted a government based on and supported by the newly formed popular organizations. The London *Times's* correspondent in Rangoon, stressing the great strength of the A.F.P.F.L., the vitality of its leadership, its radical economic and social program, its armed forces (ten thousand strong), its intense nationalism, and the mushrooming peasant and labor organizations under its control, described it as "almost the only political force to be reckoned with in the coming months," and warned that future relations between the British and the Burmans would hinge on the manner in which Britain dealt with the League.<sup>5</sup>

The British government's postwar policy on Burma was presented to Parliament in a White Paper on June 1, 1945.<sup>6</sup> It reaffirmed that Burma should eventually attain dominion status; but until the economic and social life of the country had been reconstructed, "the political institutions which were in operation before the Japanese invasion cannot be restored." The proclamation of December 1942, granting the governor full executive and legislative powers for three years, was to be extended to December 9, 1948, by which time, at the latest, general elections were to be held. Meanwhile the governor would be aided

<sup>5</sup> *The Times* (London), May 31, 1945.

<sup>6</sup> *Burma, Statement of Policy by His Majesty's Government* (Cmd. 6635, H.M.S.O., London, May 1945).

by an executive council, and perhaps later by a legislative council. After the elections the resulting legislature would be given the same authority as the prewar legislature. Thus, by the end of 1948, Burma would merely have returned to what the Burmans considered a far from satisfactory prewar political structure.

The "ultimate objective" envisaged by the British plan was a new constitution, to be drawn up by representatives of the Burman people "after reaching a sufficient measure of agreement between the various parties and sections." And, after reaching satisfactory agreement with the British government on fulfilling "continuing obligations," Burma proper would receive "full self-government within the British Commonwealth." As for the Excluded Areas, they would continue to be the special responsibility of the governor until their inhabitants "signify their desire for some suitable form of amalgamation of their territories with Burma proper."

"Only invincible ignorance could have expected Burmese cooperation in such a policy."<sup>7</sup> The A.F.P.F.L. wanted early independence, with dominion status as an intermediate step; the British offered direct rule by the governor, and dominion status at some vague future date, also proposing to continue indefinitely the separation of the Excluded Areas from Burma proper. The British failed to grasp the principle that reconstruction required full Burman participation in government; instead they insisted that economic recovery was itself a prerequisite to such participation. The specific policies pursued by the British in the months following their reoccupation of Rangoon (May 1945) only exacerbated the strong anti-British sentiment and enabled the increasingly uncompromising A.F.P.F.L. to multiply its strength.

The first test came with the discussions on the composition of the Governor's Executive Council, soon after Governor Sir Reginald Dorman-Smith's arrival in Rangoon in October 1945, when civil rule replaced military government. Though opposed to the White Paper, the A.F.P.F.L. negotiated for Council representation on the following terms: that it receive eleven out of fifteen seats and designate its representatives and their portfolios; and that the League's appointees be collectively re-

<sup>7</sup> J. S. Furnivall: "Twilight in Burma: Reconquest and After," *Pacific Affairs*, March 1949, p. 9.

sponsible to the A.F.P.F.L. Supreme Council and not individually responsible to the governor. In particular the A.F.P.F.L. asked that it be given the Home Ministry and that a Council seat be given to Thein Pe, a Communist leader.

Discussions broke down over these demands, and on November 1, 1945, the governor formed an Executive Council of ten members, including two Britons, two Myochit party men and a Karen representative (the three latter had been A.F.P.F.L. nominees but broke with the League on accepting office), and five prewar conservatives. Unhampered by governmental responsibility for restoring order and increasing production, the League was now free to exploit economic difficulties and anti-British sentiment; to maintain and expand its extra-legal military forces; and to encourage existing disorganization and unrest. These developments also strengthened the Communist wing in the League.

Developing government policy did little to win public confidence and support. At the very start, the complete demonetization of the Japanese-sponsored currency dealt a severe financial blow to the entire population, while the returning British civil administration brought back the generous prewar salary scale for higher officials and a general business-as-usual atmosphere. An interest-free loan from Great Britain to the Burmese government encouraged large imports of consumer goods, whereas conditions actually demanded financial retrenchment, the encouragement of the indigenous enterprises fostered under the Japanese, and provision of the implements and plough cattle needed to restore agriculture.

Selected groups from Aung San's National Army were taken into the British-sponsored Burmese army, but the great majority were not enlisted in the army or in the police, nor were they organized as a working force to tackle the immense job of land reclamation. Instead they dispersed to the villages and were organized by Aung San into a paramilitary home guard called the People's Volunteer Organization (P.V.O.), and were generally supported and maintained by the peasantry.

The government also proposed to restore the old property relationships, which the wartime "agrarian revolution" had upset, by announcing that no "unlawful" changes in property ownership were to be recognized. This policy caused tremendous con-

fusion and made peasant co-operation almost impossible, for the "law" was now viewed by the peasant as an enemy attempting to restore his prewar debt and tenantry. To compound the difficulties, the government fixed the price of paddy much too low in comparison with the greatly inflated prices of all other commodities. The cultivators were therefore only too willing to prevent restoration of full government control, and actively supported the peasants' unions and the P.V.O. Their hardships and resentment made a solid foundation for the Communist-sponsored "no tax, no rent" campaign in areas where there were Communist-controlled peasant unions.

The government's rehabilitation plans were equally unpopular. To expedite recovery in agriculture, oil, timber, transport, etc., each of these fields was placed under the control of government-organized "Project Boards." In effect, these Boards were operated by the large British firms in Burma and (since they employed funds made available by the £85,000,000 United Kingdom credit to Burma in the 1945-7 period) were basically under British financial control. The Burmans suspected that the Boards were chiefly interested in restoring British enterprise at public expense, that they favored British firms, and that, in agricultural rehabilitation, they were more concerned with the welfare of the rice trader and exporter than with the welfare of the cultivator. Only six-and-a-half million acres were under rice cultivation in the 1945-6 season, compared with over twelve million before the war; the rice crop for 1946 was only 2,770,000 long tons, barely sufficient for local consumption, whereas in prewar years over three million tons had been available for export annually.

As the months went by the British position became more untenable. With Communist influence at its height under the secretary-generalship of Than Tun, the A.F.P.F.L. pressed its unionization campaign among the peasants and workers, organized strikes and political demonstrations, and proposed far-reaching and fundamental political and economic programs. A strike movement in Rangoon in early 1946, although economic in origin, was merged by the A.F.P.F.L. into the general political struggle. Aung San's P.V.O. expanded, while the civil and military police, thoroughly infiltrated by his men, proved unreliable. British troops, diminishing in number, were unequal even



to the task of controlling the crime and disorder sweeping the country.

In January 1946 the A.F.P.F.L. held its first all-Burma congress, which declared against dominion status or "any other status within the framework of British imperialism," and which called for a broadly representative interim national government to assume power until a constituent assembly should be elected to draft a constitution for an independent Burma.

The British Labor government's new policy toward India encouraged strong sentiment in influential British quarters for a similarly new and more realistic Burma policy. In June 1946 the British government declared that it hoped a general election could take place in Burma in April 1947 to form a ministerial government, after which a body would be set up to devise a constitution giving Burma the status of a dominion. On August 5 Major-General Hubert E. Rance became governor of Burma, succeeding Sir Reginald Dorman-Smith. General Rance had served as civil affairs officer in Rangoon after its recapture by the British and had made Aung San's acquaintance. The British government was evidently prepared to be conciliatory.

Meanwhile rifts were appearing in the A.F.P.F.L. As already mentioned, its nominees from the Myochit party had broken with the League when they joined the Executive Council. On U Saw's return from internment he resumed leadership and re-formed the party as an independent group outside the A.F.P.F.L. In May 1946, however, the Myochit party withdrew its members from the Executive Council and temporarily authorized a concerted front with the League.

The Thakin party had been reconstituted under the leadership of Thakin Ba Sein, an apparently opportunistic politician who had been one of the party's prewar leaders; and with Ba Maw's return to Rangoon in August 1946 his Sinyetha party also began functioning again. The Thakin, Sinyetha, and Myochit groups formed the main rightist opposition to the League, and used many labels and combinations in trying to win power. Based less on principle than on the desire to gain office, their policies sometimes seemed even more leftist than the League's position. U Saw resorted in the end to assassination (see p. 310), but only succeeded in ending his own career and discrediting the rightist bloc as a whole.

In the January 1946 Congress of the A.F.P.F.L. differences also developed on the left. At this Congress Than Tun and Thein Pe sought to moderate certain extreme accusations made by Thakin Soe against U Ba Pe, a conservative leader of the League. In the squabble that ensued among the Communist leaders, Thakin Soe was removed from the Central Committee of the Burma Communist party (B.C.P.). He and his supporters then resigned and formed the Communist Party of Burma (C.P.B.). He accused Than Tun of compromising orthodox Marxist principles, of undermining the resistance movement, and of collaborating with Burma's enemies during the Japanese-sponsored wartime regime. Thakin Soe's party (also known as the "Red Flag Communists," while the original, stronger party of Than Tun came to be called the "White Flag Communists") thereafter engaged in open revolutionary activities among the peasantry in central Burma and Arakan. In mid-July 1946 the government declared the Soe party unlawful; it rescinded the ban in October, but reimposed it in January 1947. The ban brought the first open rift between the White Flag Communists and the Aung San forces in the A.F.P.F.L. Than Tun's party strongly opposed the government action, and when the A.F.P.F.L. refused to take part in a Communist-planned demonstration in protest, Than Tun, though continuing in the League, was forced to relinquish his post as secretary-general in late July 1946. This was only the beginning of the split that later resulted in a complete break between the League and the Communists.

Early in September, when Governor Rance arrived in Rangoon with assurances of full self-government "at the earliest possible moment," a strike movement based on economic demands had developed among civil servants, and on September 23 this turned into a general strike of all government employees. Meanwhile negotiations had been under way for the formation of a new Executive Council, and on September 24 an agreement was reached for a coalition Council of eleven members. The A.F.P.F.L. received a majority of the seats, with Aung San, as deputy chairman, holding the portfolios of defense and external affairs and Thein Pe, the Communist leader, in charge of agriculture and rural economy. U Saw and Thakin Ba Sein also entered the Council and U Tin Tut, an independent, received the finance portfolio. The council took office at the end of

September and almost immediately, through League pressure, the general strike was called off. While the new Council had much wider jurisdiction than the old, control over expenditures remained unclarified and the Excluded Areas continued to be the governor's responsibility. Most important, there was still no agreement on independence.

Aung San's decision to negotiate with the British led to a complete break with the Communists. The latter accused the A.F.P.F.L. of failure to turn the general strike into a popular movement for independence and of willingness to accept dominion status as a "gift from the imperialists."<sup>8</sup> Thein Pe resigned from the Executive Council on October 22, accusing Aung San of having "surrendered to British duplicity,"<sup>9</sup> and in November the A.F.P.F.L. Supreme Council ratified the Executive Committee's decision of October 10 to expel the Communists from the League.

If the League's popular backing was to be maintained, Aung San could not moderate his "independence policy" even had he wished to do so; he was goaded by Communist accusations and was under pressure from the forces and sentiments he himself had helped to create. In mid-November the A.F.P.F.L. demanded that Burma become independent not later than January 31, 1948, and that elections for a constituent assembly be held in 1947. Meanwhile Britain was to guarantee to convert the Executive Council into a national government by January 31, 1947.

Faced with "the hard truth," as the *New York Times* correspondent reported from London, "that Britain can no longer hold Burma by force within the Empire,"<sup>10</sup> Prime Minister Attlee, on December 20, 1946, bowed to the inevitable by inviting a Burmese delegation to come to London to discuss self-government "either within or without the British Commonwealth." At the beginning of January 1947 a delegation from the Executive Council left for London, with Aung San as chairman and including U Saw and Thakin Ba Sein. En route, Aung San declared in New Delhi that while agreement on Burmese demands was possible, he had no "inhibitions" on the use of force if necessary. At the same time, in Rangoon, Than Tun called the invitation a

<sup>8</sup> *The Burman* (Rangoon), October 13, 1946.

<sup>9</sup> *Ibid.*, October 30, 1946.

<sup>10</sup> Herbert L. Matthews, *New York Times*, December 21, 1946.

"hoax" and predicted that nothing positive would materialize from the discussions.

The talks opened in London on January 13, against a background of renewed strikes and demonstrations throughout Burma, and ended on January 27 in an Agreement which detailed "the methods by which the people of Burma may achieve their independence, either within or without the Commonwealth, as soon as possible,"<sup>11</sup> and provided for the election of a constituent assembly in April. Meanwhile the Executive Council would constitute an interim government and would be treated "with the same close consultation and consideration as a Dominion Government." Britain also agreed, "in principle," that Burma was to have financial autonomy and that the possibility of converting Britain's interest-free loans into an outright grant would be discussed further. All Burmese forces were to come under the control of the interim government while British forces in the country would remain under British control. The retention of any British forces in Burma after the new constitution came into operation would "be a matter of agreement" between the two governments. The Frontier Areas and Ministerial Burma were to be unified "with the free consent of the inhabitants," and a committee of inquiry was to be set up to devise the best method of associating the Frontier peoples with the formulation of the new constitution.<sup>12</sup> U Saw and Thakin Ba Sein refused to sign the Agreement; they apparently expected it to be rejected at home, to the discredit of the A.F.P.F.L. and the benefit of their own parties.

When the delegation returned to Rangoon, some thirty thousand workers, students, and public servants in that city alone were still on strike. Unsettled economic demands apparently were the major factor in the continuing strikes, but apprehensiveness over the London Agreement also contributed to the situation. Early in February the A.F.P.F.L. ratified the London Agreement and Aung San appealed to the people to accept it as a basis for working out independence peacefully. Most of the strikes were settled by late February through wage concessions

<sup>11</sup> Harold R. Isaacs: *New Cycle in Asia (Selected Documents on Major International Developments in the Far East, 1943-1947)* (New York, Macmillan, 1947), p. 150.

<sup>12</sup> *Ibid.*, p. 150-5.

and repeated assurances of early independence. But political tension persisted; it was clear that while the British, and perhaps Aung San himself, were hoping that the Agreement would lead to dominion status, the overwhelming sentiment in Burma was for complete independence.

U Saw and Thakin Ba Sein left the government in February and in March they formed a temporary coalition with Ba Maw in announcing a joint boycott of the April elections for the Constituent Assembly. Than Tun, although critical of the London Agreement, said that his party would avoid "unnecessary competition" with the A.F.P.F.L. in the elections. He indicated, however, that rightist A.F.P.F.L. candidates such as U Ba Pe and U Tin Tut would be opposed by Communist candidates.<sup>13</sup>

In accordance with the London Agreement, a conference was held at Panglong, in the northern Shan States, attended by members of the Executive Council, a British government official, and Frontier Area representatives. The Frontier Peoples were given representation on the Executive Council, while the Burmese recognized their autonomy in internal administration. It was further agreed that the Frontier Peoples would join the proposed Union of Burma. A special committee of inquiry recommended that the Frontier Areas and the Karenni States be given forty-five seats in the Constituent Assembly and that no constitutional proposal be accepted without the support of a majority of these representatives. The Shan States and the Kachin Hills were proposed as two constituent states in a federated Burma, with the Karenni States as a possible third.

A special problem was raised by the Karens, most of whom (the "delta Karens") lived outside the Karenni States. They feared the Burmese and were not enthusiastic about breaking with Great Britain. The Karen National Union, the chief political organization of the delta Karens, stayed apart from the A.F.-P.F.L. and hoped for a separate Karen State. Although it had been agreed in London that the delta Karens would receive twenty-four of the 255 Assembly seats, the Karen National Union decided to boycott the April elections.

The A.F.P.F.L. won over ninety per cent of the seats in the elections, while the Communists, contesting only twenty-five seats, returned seven of their candidates. The Karen seats

<sup>13</sup> *The Burman* (Rangoon), March 22, 1947.



were filled by the Karen Youth League, an A.F.P.F.L. affiliate. Voting was not heavy. Although Communist representation was small, it should be remembered that a good part of the popularity and strength of the A.F.P.F.L. had been achieved while the Communists played an important role in it. Their impact, particularly in the trade unions and among the peasantry, was therefore much greater than their "splinter" representation seemed to indicate.<sup>14</sup> Also, throughout the negotiations with Britain, Than Tun's obvious willingness to lead an armed struggle for independence put added pressure on Aung San to stand firm lest the Communists exploit any "betrayals" on his part. The British too were anxious to avoid open conflict, lest leadership gravitate to the thoroughly anti-British Communists. In the spring of 1947 the British conducted a large-scale military operation against "Communist dacoits" in central Burma; its lack of marked success made compromise on the independence issue even less likely.

Soon after the April elections Aung San announced that it was Burma's firm intention to quit the British Empire. The Constituent Assembly unanimously resolved that Burma was to be an independent sovereign republic known as the Union of Burma. But on July 19, 1947, while the Assembly was still working on the constitution, a group of gunmen entered the Executive Council chambers in Rangoon and assassinated seven Council members. The victims included Aung San himself and Thakin Mya, who was head of the Socialist Party (the most important component of the A.F.P.F.L.) and of the All Burma Peasants' Association, which was trying to counter Communist influence among the peasants. U Saw, who was convicted and hanged for the murders, apparently hoped that his action would restore him to power as the only alternative to the Communists.

<sup>14</sup> The White Flag Communists controlled the All Burma Trade Union Congress, which was dissolved by the government in March 1948, when leading Communists were ordered arrested. This Congress was replaced by the Socialist-sponsored Burma Trade Union Congress, which became an affiliate of the A.F.P.F.L. Communist sentiment apparently continues strong even in this organization. It was reported in September 1950 that two top leaders of this later Congress were to be "required" to resign from Parliament and that the Congress was to be temporarily disaffiliated from the government coalition until a new leadership could be elected. Pro-Soviet declarations and praise of the World Federation of Trade Unions by these labor leaders were given as reasons for these measures.

The murders, however, put the whole rightist coalition under a cloud they have not been able to dispel completely. (Thakin Ba Sein and Ba Maw were among those arrested in connection with the crime, but both were later released.)

Aung San's death undoubtedly dealt a great blow to League hopes of quickly re-establishing a stable and peaceful Burma under its control. As a forceful and popular "strong man," Aung San might conceivably have controlled Burma's chaotic political situation; but his successor, lacking his great prestige and qualities of leadership, and also his control over the P.V.O., was to prove unequal to the task. The successor was Thakin Nu, an independent Socialist leader and the president of the Constituent Assembly. His generally conciliatory character, however, together with a common fear of the right, arising from the assassinations, raised new hopes for leftist unity.

These hopes were encouraged by two important steps toward independence. In July Britain agreed to recognize the Interim Government as the provisional government of Burma, and on September 24 the Constituent Assembly adopted the new Constitution of the Union of Burma. Condemning the assassinations, Than Tun urged A.F.P.F.L.-Communist unity; later he accompanied Thakin Nu on a tour of the central Burma areas where lawlessness and terrorism were most prevalent, and declared his party's belief in "mass struggles" rather than terrorism. Negotiations for a broad leftist bloc continued into November, but Communist opposition to the agreements reached in October by Thakin Nu and the British made failure inevitable.

The so-called "Nu-Attlee Treaty," scheduled to come into force on January 4, 1948, was signed in London on October 17, 1947.<sup>15</sup> In it Britain recognized Burma as "a fully independent sovereign State," cancelled about three fourths (£15,000,000) of the funds advanced to Burma to meet budgetary deficits, waived the cost of military government in Burma prior to the restoration of civil rule, canceled the interest on the balance of Burma's debt to Britain, and provided for its long-term repayment. In return Burma accepted the financial obligations of the former government for its civil servants, agreed to repay British loans for reha-

<sup>15</sup> *Burma. Treaty Between the Government of the United Kingdom and the Provisional Government of Burma (With Annex and Exchange of Notes)* (Cmd. 7240, H.M.S.O., London, October 17, 1947).

bilitation projects, and agreed to compensate United Kingdom owners for any contracts or properties taken over by the Burma government. Burma was to continue within the sterling area. Subject to the provisions of her new constitution, Burma agreed to take no action prejudicial to existing United Kingdom interests in Burma without advance consultation with the British government, with "a view to reaching a mutually satisfactory settlement." If United Kingdom interests in Burma were expropriated, equitable compensation would be paid. In a defense agreement annexed to the treaty, Britain undertook to evacuate her troops as soon as possible after the transfer of power; to provide naval, military, and air missions to help train Burma's armed forces; and to turn over naval vessels and army supplies to the Burmans. Burma pledged to receive no military missions from governments outside the Commonwealth; to permit British naval vessels to enter Burman ports; and to allow British military aircraft to fly over Burman territory and enjoy staging facilities at specified airfields. Burma was also to facilitate any possible future entry of British forces "bringing help and support" to Burma or to parts of the Commonwealth.

Communist-A.F.P.F.L. unity talks were broken off in mid-November and, in a move which suggested that Communist criticism of the Nu-Attlee treaty had made some headway among the people, Thakin Nu denied that Burma had compromised its economic or political independence or freedom of action. He further declared that the Communists were illicitly hoarding arms, and said he would no longer be "foolhardy" enough to attempt unity with them.<sup>16</sup>

In November the British Parliament approved the Burma Independence Bill over bitter Conservative opposition. The Bill's supporters made it clear that Britain lacked the strength to adopt any other policy in Burma and, by gracefully accepting that fact, had preserved the friendship of the Burmans and protected British interests in Burma to some extent. On January 4, 1948, Burma formally became an independent nation. The Constituent Assembly now functioned as a Parliament until elections could be held under the new constitution, and the Provi-

<sup>16</sup> *The Burman*, November 27, 1947.

sional Government became the Government of Burma, with Thakin Nu as prime minister and U Tin Tut, one of the few British-educated leaders in Burma, as foreign minister and finance minister in an all-A.F.P.F.L. government. On April 19 Burma became a member of the United Nations. It also belonged to the leading specialized agencies of the United Nations and became a member of the Far Eastern Commission. By late 1950 Burma had established diplomatic relations with a large number of countries, including the United States, Britain, the U.S.S.R., and France, as well as its Asian neighbors, China, India, Pakistan, Indonesia, Thailand, and Ceylon.

The new constitution was a combination of Western political ideas and Marxist theory. The Union of Burma contains a Shan State, a Kachin State, a Karenni State, and Burma proper as constituent units with a large degree of autonomy. Parliament consists of a Chamber of Deputies and a Chamber of Nationalities, both elected every four years by universal suffrage of all over eighteen. Parliament has the exclusive right of legislation and of raising and maintaining armed forces. The minority groups have an actual majority in the Chamber of Nationalities (72 out of 125 seats). The President of the Union is elected by both Chambers for a maximum of two five-year terms. Real executive power is vested in the prime minister and his cabinet, responsible to a majority of the Chamber of Deputies. The constitution guarantees all the freedoms usually associated with a liberal democracy, and these can be suspended only in times of "invasion, rebellion, insurrection or grave emergency." All the rights usually found in Socialist documents, such as the right to work, leisure, education, and so forth, are also guaranteed.

The State, while recognizing the right of private property, forbids "monopolist organizations" and reserves the right to limit private property or expropriate it in accordance with law, the extent of compensation to be legally determined. As ultimate owner of all land, the State can change or regulate existing land tenure, and the constitution specifically states: "There can be no large land holdings whatsoever. The maximum size of private land holdings shall, as soon as circumstances permit, be determined by law." Only citizens of the Union are allowed to exploit or develop agricultural land, aside from specific exceptions au-

thorized by parliament. Economic planning is declared to be State policy. The constitution further declares:<sup>17</sup>

All timber and mineral lands, forests, water, fisheries, minerals, coal, petroleum, and other mineral oils, all sources of potential energy and other natural resources shall be exploited and developed by the Union; provided that subject to such specific exceptions as may be authorized by an Act of Parliament in the interest of the Union, the Union may grant the right of exploitation, development or utilization of the same to the citizens of the Union or to companies or associations at least sixty per cent of the capital of which is owned by such citizens. . . .

To implement the sweeping provisions of the constitution obviously presented great difficulties. Its nationalization, planning, and social welfare programs required a host of trained administrators and technicians, internal unity, and a healthy and productive economy. But much of the upper administrative structure had been completely transformed upon independence; the British, Indian,<sup>18</sup> and even many of the Burman civil servants were replaced by new men who, though very able in many cases, were on the whole inexperienced. Cutting of government salaries, in the face of rising living costs, was widely resented and scarcely helped to generate the enthusiastic co-operation the government needed.

National unity—so high at the war's end—was disintegrating. The once all-embracing A.F.P.F.L. was now reduced to a shaky alliance of the Socialist party and the P.V.O. The P.V.O. was restive in the face of the government's anti-Communist stand and was still unwilling to bow to governmental discipline. (Although the P.V.O. was supposed to surrender its arms on January 1, 1948, the government evaded the issue by postponing the date to April 1.) Burma was saturated with arms, and opposition groups with any popular following either possessed or could easily raise private armies. Dacoits were as troublesome as ever. The Arakanese were resorting to arms to advance their separa-

<sup>17</sup> *The Constitution of the Union of Burma* (Rangoon, Government Printing and Stationery Office, 1948).

<sup>18</sup> Indians and Anglo-Indians, however, continued to make up the majority of the personnel of the Railway Administration.



tist claims, and Thakin Soe's Red Flag Communists, though never reaching formidable proportions, were co-operating with them. (Thakin Soe's arrest in March 1948 further reduced the effectiveness of his party.) The Karens were demanding greater concessions from the Burmese and, although their leaders declared they wanted a peaceful settlement, also had arms and trained manpower.

The White Flag Communists, still a "legal" opposition, vied with the A.F.P.F.L. for the allegiance of the peasants and workers. Strongly entrenched in central Burma, they were advancing their agrarian program there and building an organization capable of military opposition. As long as the land problem remained unsolved, the government could hardly hope to destroy Communist strength completely; and until prewar acreage was restored and the agricultural laborers adequately provided for, the P.V.O. problem would remain, since disaffected and unemployed agricultural laborers made up much of the P.V.O.'s strength and were used by the youthful P.V.O. leaders to press for a more important role in the government.

There was also the wider problem of rebuilding the entire Burman economy. Rice cultivation in the 1947-8 season covered only nine million acres, compared with a prewar average of twelve million. The 1948 rice export total (1,226,000 tons) was still substantially less than one half of prewar levels. War-time destruction of the oil refineries at Syriam meant that there might be no appreciable production before 1950 or 1951. It was estimated that teak production would take five or more years to regain prewar levels; the mining situation was even more discouraging. Immediate large-scale investment of private capital for reconstruction or expansion was doubtful because of unsettled conditions, the possibility of nationalization, uncertainty over the extent of compensation, and the controversy over reimbursement for war damage. Compensation for nationalization would be difficult because of rising government expenditures and the low production in Burma's export industries. In 1937 Burma had had a favorable merchandise trade balance of \$103,000,000; in 1947 it had an unfavorable merchandise trade balance of \$14,000,000.<sup>19</sup> The nation's budgetary deficits, though declining

<sup>19</sup> Burma's trade position, however, improved markedly during the two succeeding years. See p. 324, below.

from the immediate postwar peak, continued to be substantial. Urban reconstruction and restoration of communications also remained to be undertaken.

It was within this framework that the nationalization program was initiated. In January 1948 the government announced that it would take over one third of the timber concessions held by private companies, and also nationalized the British-owned Irrawaddy Flotilla Company, which had had a virtual monopoly of inland water transport in prewar Burma. (Most of its vessels had been lost during the war.) The amount and mode of compensation were left for a commission to work out. In both cases the effective date was to be June 1, 1948. A government-owned State Bank of Burma was opened in February 1948 and the State Agricultural Marketing Board, functioning before independence, continued to conduct the rice export trade.

In the middle of 1948 the government issued a "Two Year Plan" for Burma's economic development. This plan sought to "secure a substantial increase in our national wealth . . . [and] start the country on the path to evolving a socialist economy."<sup>20</sup> The power industry was to be nationalized, and the State was to develop hydroelectric facilities with an ultimate capacity of 140,000 kilowatts. The remaining timber leases were marked for State operation, and teak production was to rise from 80,000 tons in 1947-8 to 190,000 tons in 1951-2. Water and land transport facilities were to be reconstructed on a nationalized basis. Projected "basic" industries were to be State enterprises, while in consumer industries, though the State would have priority, government-regulated private enterprise would be permitted. Vocational and technical training programs were to be greatly expanded, and labor was promised welfare benefits and a higher standard of living.

For agriculture, the broad goals were to eliminate landlordism, return alienated land to the peasants and prevent further alienation, develop scientific agriculture, raise agricultural income, and, as a long-range aim, investigate the feasibility of mechanized, collective agriculture. The immediate target was complete agricultural recovery by 1951-2, and a rice export surplus of 3,180,000 tons at that time. The plan recommended considera-

<sup>20</sup> *Two Year Plan of Economic Development for Burma* (Rangoon, Government Printing and Stationery Office, 1948).

tion of a land redistribution program and such concrete measures as special loans for reclaiming two million acres of fallow paddy land, a State Agricultural Bank to extend credit at low interest rates, the fixing of equitable land rents, and an increase in the internal price of paddy to bring it up to 175-200 per cent of the prewar level. The plan also promised a long-term policy of wage improvement and subsidiary rural industry to better the position of the agricultural laborer.

In view of the over-all situation at the time the plan was issued, even its relatively modest production goals were unrealistic. The government lacked the necessary capital for agricultural improvement, and many rural areas were out of its control. As for nationalization, negotiations for compensation in the teak concessions and water transport encountered serious difficulties. Unable to reimburse the British in foreign exchange, the Burma government suggested payment in nonconvertible bonds redeemable in annual installments, which installments would have to be reinvested in Burma in government-approved productive enterprises. The British objected to this and to the proposed amount of compensation. One powerful point in Burma's favor was the fact that the British companies in Burma had, at the very least, recouped their original investment in the lush prewar days; the Burmans also reminded the British that, should the Communists take over, there would be no compensation at all.<sup>21</sup>

Even aside from the question of compensation, nationalization was not working out well. The net effect was to saddle the government with financial burdens it could ill afford. Despite hints of impending nationalization, the Burmah Oil Company at the close of 1948 was proceeding with reconstruction aimed at an early restoration of more than fifty per cent of prewar production. The government evidently tried to work out some form of "partnership" with the Company, but it could not provide the necessary additional capital. Government efforts to restore the rice export trade also encountered financial obstacles. All in all, the hasty and ill-conceived economic policies of 1948

<sup>21</sup> In the case of water transport nationalization, the issue was apparently resolved in 1950: the Irrawaddy Flotilla Company was granted a sum substantially less than it had originally demanded, but the resulting compensation was made freely convertible into the currency of the investors.

only created fresh confusion, retarded economic revival, increased the financial burdens of the government, and dimmed the prospects of attracting foreign capital.

In October 1948 a Land Nationalization Act was passed that was to abolish landlordism and redistribute the land to the cultivators. All alienated land was to be taken over by the government, which set a maximum of fifty acres for any individual holding—and this only where the owner actually worked the land. Land Committees, to be elected in each village, were to carry out the program. Landowners would be compensated in nonconvertible bonds. The program was initiated in January 1949 in a few “experimental” areas, but came to a halt because of the internal revolts of that period; it was later resumed in a single township near Rangoon.

The Communists, now in active revolt, were carrying out an even more radical agrarian program in the areas they controlled. The wartime agrarian “revolution,” with its virtual redistribution of land, and the resulting confusion over “legal” ownership, rents, and mortgages, provided a perfect stage. The Communists simply supported this situation and added a “no-tax” program.

The Land Nationalization Act brought up the confused issue of the huge Chettyar land investment in Burma, which has become the subject of continuing discussions between the governments of Burma and India. As to the broader Indian problem, many of the half-million Indians who had fled Burma in 1942 had important economic interests there. Many others considered Burma their place of livelihood, and so began to return in large numbers after the war. In mid-1947 the Burma government passed an Emergency Immigration Act forbidding aliens to enter the country without passport visas or immigration permits. Obviously directed at the Indians, it aroused great protest in India and was subsequently somewhat modified. Later Burma made it clear that resident Indians must either become citizens of Burma or register as foreigners, with consequent restrictions on their economic rights and activities. The time limit, set for May 1949, was later extended. By mid-1949 there were still about six or seven hundred thousand Indians in Burma, but more than half of the 2,500 Indian civil servants in the government had been dismissed.

As the months went by after independence, it became evident that the new government had failed to re-create effective, unified support or to establish undisputed authority over most of Burma. Instead, the remaining "legal" opposition groups went into active revolt, most of the P.V.O. deserted the government, parts of the regular army mutinied, and the Socialist party, the one substantial organized political force left in the government, suffered internal splits.

In February 1948 the White Flag Communist leaders attended a series of conferences of southeast Asian Communist representatives in Calcutta. Closer ideological links were presumably forged there and a program of joint action formulated, with emphasis on a more vigorous and independent Communist policy throughout the area. In March 1948 a new series of strikes for higher wages broke out among the industrial workers of Rangoon, among whom Communist influence was still strong. The government declared that the Communists were preparing an open insurrection, arrested all Communist leaders in Rangoon, and closed the Communist press. Than Tun had apparently already left for the White Flag strongholds in central Burma, where he now began open warfare against the Thakin Nu regime. The Communists consolidated their positions along the Rangoon-Mandalay line and their base in the districts of Yamethin and Pyinmana. They were well entrenched in large peasants' unions in these districts, and their armed troops were estimated at over five thousand. Thein Pe completely split with the Communist Party over this open revolt, and co-operated for a time with Thakin Nu.

Apparently inspired to some extent by Thein Pe, Thakin Nu announced in May 1948 his widely publicized but short-lived "Leftist Unity Program," a desperate effort to conciliate leftist elements of the P.V.O. It reaffirmed the socialist objectives of the constitution and the Two-Year Plan, but also called for the formation of a new "United Leftist Party" composed of Socialists, the P.V.O., and Communists who disowned "violence." The program also proposed that Burma enter into the same economic and political relationships with the Soviet Union as it had with the West; stated that Burma would refuse all foreign aid that might compromise its economic or military independence; and called for the organized propagation throughout Burma of the



works of Marx, Lenin, Stalin, and other major Communist theoreticians.

Coupled with the economic policies already described, this program further confused and alienated conservative support at home and caused widespread repercussions abroad. Although Thakin Nu's declaration was more "leftist" than usual, Marxist language and thinking were common to all political groups in Burma except for the extreme "right." Consequently, within the country the new program did not appear to be so startling a policy switch as it did abroad. In the face of the adverse foreign reaction, however, the proposal for the propagation of Marxism was soon dropped entirely, and Thakin Nu later "clarified" the impression made abroad by pointing out that the government still refused to negotiate with the Communist leaders. He also reaffirmed the Anglo-Burmese Treaty and the principle of equitable compensation, and declared that he wanted good relations with the United States and Britain as well as with Russia.

Ironically, the unity proposal only accentuated disunity on the left and did nothing to halt the long-threatened break between the government and the P.V.O. In reply to Thakin Nu, a majority of the P.V.O. called for a round-table conference of all leftist groups, including the White and Red Flag Communists. When the A.F.P.F.L. rejected this plan, the P.V.O. split; the majority, calling themselves the "White Band" P.V.O., went underground with their arms at the end of July. The minority ("Yellow Band" P.V.O.) stayed with the government. The P.V.O. quarrel remained a separate factor in the civil war that ensued, for although the majority supported compromise with the Communists and took the field against the government, they were in a sense considered to be unruly members of the "family" by the government, and there were many attempts in the following months to reach agreement with them. The White Band P.V.O., though jointly fighting with one or the other Communist groups at various times and places, later co-operated with the government against the Karens in certain areas.

P.V.O. supporters in the regular army mutinied early in August 1948. This was a severe blow to the government's military strength; pressed by the forces already in revolt, the government was confronted in the summer months with a military crisis during which Rangoon itself was temporarily threatened.

Increasing reliance had to be placed on military units made up of the frontier peoples and of Karens.<sup>22</sup> The government entrusted the defense of the delta and Tenasserim to Karen forces, including the Karen National Defense Organization (K.N.D.O.), the military arm of the Karen National Union. But Karen demands for a separate state (embracing a number of mixed Karen-Burmese areas) had not yet been settled, and being in military control of the areas they coveted proved too tempting. Moreover, British adventurers were stirring the Karens to revolt and promising support. These agents were said to be working privately for various "Old Burma Hands" in both Britain and Burma, who hoped that a large and supposedly conservative Karen state would be accessible to British influence and interests. They also seemed to believe that they could use a Karen rebellion to bring pressure on the Burma government. But the Karens, once in action, proved difficult for anyone to control. Although ostensibly anti-Communist, the Karens co-operated with the Communists upon occasion. (During and immediately after the war Than Tun had cultivated Karen friendship and had won some Karen support for the A.F.P.F.L.) Karens with large landholdings were also said to be fomenting Karen-Burmese troubles because they opposed the government's announced land policy.

Early in September 1948, Karen units of the military police and the army seized the port of Moulmein and the town of Thaton. Partly through the influence of some Karen leaders, peace was restored, and the government renewed its efforts to solve the problem of Karen aspirations. But by early 1949, in spite of the government's offer to extend the "principle" of a separate Karen state to embrace portions of Burma proper, the K.N.D.O. engaged in armed conflict with the government over a wide area, supported by Karen deserters from the regular army. In February the government finally declared the K.N.D.O. and its affiliates unlawful. A government attempt to disarm Karens between Rangoon and Insein (eight miles north of Rangoon) was met by Karen resistance, and the Karens held out in the Insein area until May.

Meanwhile the governing Socialist party suffered internal

<sup>22</sup> At this time, in fact, the commander-in-chief of the army and the head of the air force were both Karens.

difficulties. Ko Ko Gyi, a Socialist leader and the minister of commerce, had been accused of embezzlement and forced to flee Rangoon. In September 1948 a twenty-one-member cabinet was set up that included five Socialists and two Yellow Band P.V.O. members, while most of the seats went to independent A.F.P.F.L. affiliates. Thakin Nu took the portfolios of home affairs and defense in addition to that of prime minister. A Socialist, U Kyaw Nyein, became foreign minister and U Tin Tut remained as finance minister. (He was assassinated shortly thereafter.) The first general elections under the constitution were scheduled for March 1949; toward the close of 1948, forty per cent of the members of parliament were either in revolt or in jail.

The first months after the break with the Karens were extremely critical for the government, and it was probably saved only by the continuing shipments of arms from Britain, by military support from the Frontier Peoples, and by the lack of any sustained unity among its opponents. The White Flag Communists, maintaining their major base along the Rangoon-Mandalay railway about 200-250 miles north of Rangoon, also established themselves to the southwest at Prome, an important town in the central Irrawaddy valley 160 miles north of Rangoon, as well as in scattered delta areas. Some newspapers in Burma referred to Thakin Soe, supposedly imprisoned, as being at liberty, but the Red Flag Communists seemed to be a relatively insignificant military factor. They exerted their influence chiefly through other groups—the Arakanese in western Burma and, occasionally, Karen groups in the delta. White Band P.V.O. members, scattered throughout the country, appear to have co-operated with the White Flag Communists in central Burma, particularly in the Prome area, and to have maintained a stable area of their own during early 1949 based on the major oilfield center of Yenangyaung. Near Rangoon, and in the struggle for Mandalay, they seem to have worked with government forces against the Karens for a time. But even when they did so, it was usually for short periods and in an unreliable manner. When the Karens formally became rebels they controlled portions of Tenasserim, the Karenni States and contiguous hill regions, and a good part of the lower Sittang valley including the former Communist position at Toungoo, on the Mandalay line, which became the main Karen headquarters. They eventually withdrew voluntarily from

the Insein area after government forces had failed to dislodge them. There were other minor dissident forces, mention of which would only add to the confusion.

Estimates of the military strength of these forces vary. In July 1949 General Ne Win, the defense minister, estimated opposition forces at only twelve thousand men, including four thousand Communists and three thousand Karens. But unofficial estimates go considerably higher. Government forces reportedly totaled some fifteen thousand men.

By late March 1949 the government found itself virtually besieged in Rangoon and helpless elsewhere. Not only were the Karens at Insein, close to Rangoon, but with Communist help they had also captured Mandalay and Maymyo, the summer capital, and had moved into the adjoining Shan States. But eventually the tide turned. Mandalay was reoccupied by government forces in April and Insein in May, after Karen withdrawals from both places; and Yenangyaung was recaptured in June. The tempo of fighting was slower during the rest of 1949. The White Flag Communists maintained their hold on Prome and, apparently in co-operation with the White P.V.O., extended their control southward to the Henzada and Tharrawaddy areas north of the delta region. The Karens maintained their headquarters at Toungoo, where they had proclaimed an "independent state" in May, and centered their activities to the east and south, including much of the lower Sittang valley and upper Tenasserim. Though the government held all major centers except Prome and Toungoo, its authority over the countryside was severely limited.

The government's internal stability also weakened steadily in 1949. Evidences of low morale, disloyalty, and corruption in the civil service, the civil and military police, the army, and the political parties were frankly acknowledged by Thakin Nu in various speeches during the year. In one of these speeches, on July 19, the prime minister proclaimed a "peace within one year" campaign for the country. General elections scheduled for March were postponed to July 4, 1949, and in April the Socialist and Yellow P.V.O. members of the government resigned from office, although indicating that they would continue in the A.F.P.F.L. and would generally support the government's policies. The Socialists evidently felt it best at that time formally to

dissociate themselves from the government.<sup>23</sup> In June 1949 the election date was again postponed (this time to May 4, 1950). U E Maung, chief justice of the supreme court, now became foreign minister, and General Ne Win became deputy prime minister and home and defense minister, in a government made up entirely of "independent" A.F.P.F.L. men with a disproportionately high number of Frontier Area representatives.

Economic developments in 1949 and early 1950 were also unfavorable. Under civil war conditions, the mining, oil, and timber industries made no substantial progress. Rice production decreased, and rice exports for 1949 were only about 1,100,000 tons, some 100,000 tons under the 1948 total. A budgetary deficit of about \$32,000,000 in 1948-9 stemmed partly from the sharp decline in land-tax revenues due to disturbed conditions, greatly increased defense expenditures (which rose in fiscal 1948-9 to twenty-six per cent of the government's disbursements, with a similar percentage allocated in the 1949-50 budget), and the looting of government treasuries by rebel groups in many areas. It was expected that this deficit would be cut in half in 1949-50, but some observers considered that estimate optimistic.

The deficit was kept within bounds only by drastic cuts in civil expenditures, by scaling down Burma's ambitious development program (and consequently decreasing capital expenditures abroad), and by maintaining as far as possible the considerable revenues from rice export sales. These sales were carried out by the State Agricultural Marketing Board as a state monopoly, and the profit from them was the principal reason for Burma's favorable trade balance in 1948 and 1949. But this revenue, originally earmarked for capital expenditures under the National Development Fund, now went mainly for current expenditures.

Burma's foreign trade remained concentrated within the sterling area, and Burma joined other members of the sterling bloc in devaluing its currency in the fall of 1949. Trade with the United States continued to be a minor factor; trade with Japan rose considerably in 1949, but it still represented less than four per cent of Burma's total foreign trade.

The cost-of-living index continued to rise rapidly during the

<sup>23</sup> The Socialists re-entered the government in January 1950, when three of their leaders took cabinet posts.



first half of 1949, although it later declined somewhat from the midyear peaks. The Land Nationalization Program remained in its experimental stage. In September 1949 the finance minister announced that further nationalization of industry would have to be postponed for a number of years.

In view of the critical domestic situation, Burma turned abroad for assistance. In February 1949, on India's invitation, a Commonwealth conference of Britain, India, Ceylon, and Australia met in New Delhi to discuss the situation in Burma. Burma reportedly had asked for a loan of one hundred million dollars to help finance the purchase and shipment of its rice export crop, to buy military equipment, and to help keep essential government services going. But the conferees felt that mediation and conciliation (presumably between the Karens and the Burmese) should precede a loan. Since Burma was not ready to meet this condition, the discussions fell through.

Thakin Nu visited Prime Minister Nehru in April 1949, just before the latter's departure for the London Conference of Commonwealth Prime Ministers, and is said to have asked him for arms aid and for support in securing a loan from Britain. In London, the prime ministers of Britain, Pakistan, India, and Ceylon considered Burma's problem and, in the words of British Foreign Minister Bevin,<sup>24</sup>

... are agreed in their desire to give whatever support they can to the Government of Thakin Nu, to the end that peace may be rapidly restored in Burma . . . [and] shall take into account financial assistance, arms assistance, or other assistance.

The New Delhi ambassadors of the four Commonwealth countries were delegated to work out the details.

Because Burma's nationalist sentiment and suspicion of British intentions were as strong as ever, an aid program had to be approached delicately. Britain apparently found it prudent to give India much of the initiative; but while India had a great stake in the restoration of order in Burma, because of Burma's rice exports and because of the Indian minority and the substantial Indian investment there, the Indian government preferred to move slowly in view of the deep anti-Indian feeling

<sup>24</sup> *Parliamentary Debates*, House of Commons, May 11, 1949.

among the Burmans. The government of Burma, for its part, insisted that any aid coming from the Commonwealth must have no special conditions attached. As a result, Burma received a short term loan for military equipment, but no adequate assistance was forthcoming.

The need for outside aid and the pressure of internal events were meanwhile having their inevitable effect on Burma's policy. Unable to implement its Socialist program to any important extent, the government was forced to turn to the right to compensate for its loss of support from the left; and the need for foreign capital gave its foreign policy a more definite Western orientation. In August 1949 it was announced that, except for atomic energy and defense industries, those enterprises previously reserved for state ownership (railway transport, inland water transport, electric power, teak milling and extraction, coal mining, and so forth) were—"until such time as the State can undertake sufficient production"—to be opened to private enterprise "to develop them either on their own or in partnership with the State, on terms and conditions to be settled with each enterprise."<sup>25</sup> Industries not specifically mentioned, such as the important oil and mineral extraction industries, were to be completely open to private—including foreign—enterprise.

A foreign enterprise investing in Burmese industry would have to be self-sufficient in foreign exchange requirements for capital expenditure; it would not be allowed to import unskilled labor from abroad unless such labor was unavailable in Burma; and it would have to take adequate measures to train Burmans for both administrative and technical positions. In return, the government would let such an enterprise remit dividends abroad in "hard" currencies and would "undertake not to nationalize the concern within a period which will be determined by discussion in each case."<sup>26</sup> Parliament also enacted the Union Mineral Resources Act, which amended the constitutional provision that at least sixty per cent of the capital in any enterprise exploiting Burma's mineral resources must be indigenous. (See p. 314.)

On a visit to Washington in August 1949, Foreign Minister U E Maung declared that Burma would be willing to enter a

<sup>25</sup> Press release, Embassy of the Union of Burma, Washington, D.C., August 16, 1949.

<sup>26</sup> Ibid.

Pacific pact similar to the Atlantic Pact, if it were "sponsored by the right people at the right moment."<sup>27</sup> In London he announced that Britain, Burma, and the United States had agreed to maintain closer consultation regarding the advance of Communism in southeast Asia. Surveying the new Burmese political and economic orientation, *The Times* of London noted:<sup>28</sup>

The backing that was given by the Commonwealth was unobtrusive; it carried no stigma of interference with Burma's domestic affairs; but it was decisive. It may well have encouraged the Burma Government to take the first steps along the road of closer cooperation with the West which it is now following.

The extension of Communist control over the entire mainland of China by the close of 1949 brought Chinese Communist forces to the borders of Burma. This again served to focus attention on the fact that the boundary between China and Burma was an unsettled issue. Burma recognized the People's Republic of China on December 17, 1949—the first non-Communist country to take such action—and in mid-1950 exchanged ambassadors with the Peking regime.

The Western powers viewed developments in Burma with increasing concern. But the unique difficulties involved in a "containment" policy against Communism in south Asia were indicated by United States Secretary of State Dean Acheson on January 12, 1950. The newly established nations there, he noted, were "proud of their new national responsibility. You cannot sit around in Washington or London or Paris or The Hague and determine what the policies are going to be in those areas. You can be willing to help and you can help only when the conditions are right for help to be effective."<sup>29</sup> The following day Burma's ambassador to the United States declared that "there should be no talk of military aid" to Asian countries unless such aid is requested. The smaller nations of the East, he said, were afraid of becoming shuttlecocks between two hostile camps.<sup>30</sup>

<sup>27</sup> *New York Times*, August 14, 1949.

<sup>28</sup> *The Times* (London), September 9, 1949.

<sup>29</sup> *New York Herald Tribune*, January 13, 1950.

<sup>30</sup> *Ibid.*, January 14, 1950.

Burma's further orientation toward the West, however, was made clear by Premier Thakin Nu in March when he stated, in response to queries from *New York Times* correspondent Robert E. Trumbull:<sup>31</sup>

The Union Government is convinced that Burma cannot progress without the financial and technical assistance of foreign countries and that our declared policy in regard to foreign affairs of not aligning ourselves with any power bloc does not exclude us from cooperating as closely as possible with the Western democracies in matters relating to economic development.

The Union Government considers that greater advantage lies in closer relations with the Western democracies and it will be our endeavor to obtain aid of various kinds from the West, that is, the United States and Britain.

The prime minister also acknowledged that Burma had communicated to the United States State Department its desire for American aid in solving its economic and military problems.

On February 23, 1950, the State Department had announced the formation of a special mission to southeast Asia, headed by R. Allan Griffin. Its purpose was to prepare the way for the effective use of any technical assistance that Congress might extend to that area, and apparently also to survey the economic and military needs of the countries visited. The Griffin mission went to Rangoon in early April, and reportedly stressed the importance of financial aid to restore administrative services and law and order throughout the country. By the fall of 1950 the Economic Cooperation Administration had a Special Technical and Economic Mission functioning in Burma, and an economic aid agreement had been signed under which Burma was expected to receive some eight to ten million dollars through the summer of 1951.

Meanwhile, at the Colombo Conference of Commonwealth Prime Ministers in January 1950, it was agreed that Burma be allowed to draw from a Commonwealth sterling fund. In June a fund of £6,000,000 was established, with Britain contributing over half the total. Some influential British groups felt, however, that large-scale aid should not be extended until the

<sup>31</sup> *New York Times*, March 5, 1950.

Karen-Burmese dispute had been mediated. This, and the steadfast refusal of the Burma government to accept such a condition, makes the Karen-Burmese conflict a major stumbling-block to effective and wholehearted co-operation between Burma and Britain.

The outbreak of the Korean war in June 1950 posed some of the same problems for Burma as it did for India. On July 8 the Burma government gave its support to the U.N. Security Council resolutions of June 25 and 27 calling for United Nations action against North Korea, but added that it was "not in a position to render any effective assistance." The A.F.P.F.L., on July 13, stated that while Burma's support of the resolutions benefited both Burma and the world, it did not affect "the existing foreign policy of the country, which is to maintain friendly relations with all countries."

Thus, Burma continued to support the Peking government in its demand for China's seat in the United Nations. Similarly, official quarters seemed to regard the Ho Chi Minh forces in Indochina as a genuine nationalist movement, although Burma had not recognized the Viet Minh government. In much of the press and in public opinion, Burma's distrust of the West still seemed at least as strong as any fear of an external threat of Communism.

The rightward swing in Burma's domestic policies continued throughout 1950. Buddhism, always an important force in the country, has been actively revived, apparently "to stimulate revulsion against atheism and Communism and thereby strengthen Thakin Nu's government."<sup>32</sup> The prime minister, himself a devout Buddhist, declared after his return from Europe at the end of May that he intended to retire from the world eventually and dedicate himself to spiritual work. The often postponed general elections failed to materialize in 1950, and in the latter part of the year a new "target date" of May 4, 1951 was set.

In the spring of 1950 the government registered important military successes. The Karen center at Toungoo and the Communist base at Pyinmana were retaken, as was Prome, and reconstruction could begin on the vital Mandalay-Rangoon rail link. By the end of May the White P.V.O. was reported in a

<sup>32</sup> *New York Herald Tribune*, June 1, 1950.



"preliminary" truce with the government, and there were hints of negotiation to end the Karen rebellion. The Communists, however, gave no sign of discontinuing their struggle. Early in the year they had set up a rival "government" at Prome with Than Tun as "premier." After leaving Prome with their forces apparently intact, they moved their headquarters to a less accessible center in the same general area. Government control of central and Upper Burma areas still seemed largely limited to main arteries of water and rail communications. But there was no doubt that the government's military position was markedly better than it had been in July 1949, when Thakin Nu had launched his "peace within one year" campaign. Reflecting the improvement, the prime minister put forth in July 1950 the optimistic slogan, "From peace to stability," for the year to come.

Economic difficulties continued to be severe. Labor dissatisfaction was accentuated when the British-owned Burmah Oil Company drastically curtailed operations in March 1950 because of dissident activity in the oilfields and along the pipe lines. This curtailment threw almost two thousand oil workers out of employment. It was estimated that a maximum of about a million tons of exportable rice would be available in 1950, somewhat less than the 1949 total. Acreage planted to other leading crops also declined in 1950. But the improved military situation offered a hope that, given adequate governmental policy and direction, some economic progress might soon be registered.

In the last analysis, Burma's problems will have to be solved chiefly through its own efforts. Foreign aid is likely to be indecisive and may, in fact, expose the government to further charges from the Communists and others that it is "betraying" Burma's independence. The general lack of common purpose and co-ordination among the insurgents has enabled the government to fend them off; the government has also been able to maintain fairly substantial rice exports and thus earn enough foreign exchange to prevent economic collapse; but only drastic and realistic policies can lead to genuine military, political, and economic stabilization.

The government of Burma faces the necessity of coming to grips, for example, with the land problem in a more decisive fashion than heretofore. Failure in this respect would mean the continuance of conditions making for instability in the

countryside, provide the basis for a possible extension of Communist influence, and make doubtful any speedy termination of the government's conflict with the Communists. This in turn would weaken the government in its dealings with the Karens. It remains to be seen whether the government will take these positive steps, strengthen and develop its administrative structure, provide effective leadership, and thus create a healthy political and economic structure for a peaceful Burma.

# MALAYA

VIRGINIA THOMPSON *and* RICHARD ADLOFF



At first glance, the importance attached to the struggle that began early in 1948 between the British and Malayan governments on the one hand and Communist-bandit insurgents on the other, for control of Malaya, seems surprising. The country's area is only about fifty-one thousand square miles, and its population numbers just under six million. But Malaya has an economic role as the world's main producer of tin and rubber, and a strategic location astride the sea lane from the Middle to the Far East, which in the eyes of both the Western and Soviet blocs far transcend its Lilliputian proportions.

To Malaya's British masters, Britain's withdrawal from India and Burma, its grant of dominion status to Ceylon, and its uncertain hold on Hong Kong have made the retention of Malaya seem indispensable for safeguarding the route to Australia and the British pool of American dollars, to which Malaya's exports contribute more than do those of any other area in the shrunken empire. At the same time, this closer integration of Malaya within the Commonwealth has aroused resentment on the part of articulate Malaysians of all races, who are demanding, more sharply than before, greater economic and political autonomy.

In prewar Malaya there existed ten different administrations and seven customs barriers. This complexity was largely due to Britain's piecemeal acquisition of the country and Malaya's uneven economic development; in lesser degree it was due to the division of the population into three very different, sizable ethnic groups.<sup>1</sup> For practical purposes of administration, the British grouped these different units into the Straits Settlements,

<sup>1</sup> The population includes about equal numbers of Malays and Chinese and a large minority—some 14 per cent—of Indians.

comprising the ports of Singapore, Penang, and Malacca; the Federated Malay States of Selangor, Negri Sembilan, Pahang, and Perak, which included most of the main areas producing tin and rubber; and the less directly administered and less populous Unfederated Malay States of Johore, Kelantan, Trengganu, Kedah, and Perlis. But within these three major divisions there were sharp political and economic disparities. Pahang was the poor relation of its sister states in the Federation; Johore and Kedah were more advanced in every way than Kelantan, Trengganu, and Perlis; and Singapore and Penang grew and prospered with the years far more than did the older settlement of Malacca.

Malaya's evolution was shaped most strongly by economic forces, especially the entrepôt trade by which the Straits Settlements lived, and the production of export merchandise which gave to the inhabitants of the Federated States a greater per capita wealth than that of any other group within the Empire. The prosperity created by successive tin and rubber booms served as the chief hindrance to any impulse that might have arisen among the colony's Western or Asian residents toward drastic change in the benevolent British autocracy governing Malaya. Temporarily, during the two world wars and the depressions of the early 1920's and 1930's, the British government of Malaya forsook its *laissez-faire* tradition and established a few controls over the local economy. Subsequently, only the most important export and import duties were retained, and these almost wholly in the peninsular states. And Malaya remained a country devoid of all but advisory and appointive political bodies. From the official British viewpoint it was an ideal dependency to govern; to businessmen of all nationalities, it was a paradise of high profits and low taxation; and to the undernourished and industrious Chinese and Indian immigrants, it seemed the promised land of easy wealth, much as the United States appeared to the impoverished peoples of Europe in the late nineteenth century.

Political struggles in prewar Malaya were almost entirely confined to the ruling groups. Conflicts occurred between British vested interests and officials for a proportionately greater share of power and, to a much lesser extent, between the Federated States government at Kuala Lumpur and the sultans of the Unfederated States, who resisted any "Malayanization" that

might restrict their sovereignty. Even the opposing pro-Malay or pro-Chinese factions were made up entirely of Britishers, who differed only in their conviction as to which Asian group was the better instrument for perpetuating Malaya's prosperity under British rule.

Such disagreements took place over the heads of the country's Asian inhabitants, who were divided along ethnic lines in their occupations and whose communities remained mutually aloof. The Malays' major concern was to safeguard their land and their social and religious traditions, while the Chinese and Indians—in so far as they had any political interests at all—were oriented toward their home countries. Alien Asians furnished Malaya's dynamic force, serving the country as laborers, middlemen, merchants, and bankers. The British held almost all the highest positions, both in the government and in the heavily capitalized industries. The Malay aristocracy provided the officialdom for the Unfederated States and, to a lesser but increasing extent, for the Federated States. The sultans of both were allotted sufficient funds and shown enough deference to reconcile them to the fact that they were required by treaty to accept British "advice" in all matters save those concerning the Muslim religion and Malay customs. The great majority of the indigenous Malays remained farmers and fishermen untouched by their country's rapid development and prosperity, and reluctant to produce more food than was required for their own community's needs.

Early in 1942 the Japanese by force of arms acquired control over this plural society, with its political apathy, its almost watertight social and economic divisions, its food deficit, and its dependence on tin and rubber sales. No major political change resulted from the displacement of British officials by Japanese officers. In fact, Malaya was the only country in southeast Asia which the Japanese treated frankly as a colony and to whose inhabitants they never promised even eventual independence. Japan did try to make Malaya economically self-sufficient and militarily a bastion, but with no more success than had attended similar—but far less coercive—British efforts. The sultans accepted Japanese rule as passively as they had that of the British, though they were treated with much less consideration for their dignity. Many Indians were coerced into joining the mili-



tary and labor battalions led by Subhas Chandra Bose, a former leader of the Congress party in India who threw in his lot with the Axis to fight for India's independence. The Chinese, because of their wealth and their past support of the government of China, were actively persecuted and intimidated into "donating" huge sums for Japan's war effort. Inevitably, it was the Chinese, supplemented by a few Indians and fewer Malays, who organized a resistance movement, with the Chinese-dominated Communist party as its center, the so-called Malayan People's Anti-Japanese Army as its guerrilla force, and the Anti-Japanese Union as its civilian organization. Late in the war this movement was supplied with arms and officers by the British, and the experience and weapons obtained during this period were used effectively by the same organization, three years after the war ended, against the British themselves.

The British Military Administration, which governed Malaya for over six months after the Japanese surrender, simply restored prewar legislation, declared the Japanese-issued currency valueless, and tried, with only partial success, to revive the country's tin and rubber economy. London had not been aware of the growth of political consciousness or the rift that Japanese rule had effected between the Chinese and Malay communities. Furthermore, the British were not well prepared to cope with the serious shortages in food and consumer goods. Their planning for Malaya's future was confined to simplifying and centralizing the administration, and giving the Asian minorities more political privileges than they had previously enjoyed. To these ends they set up a Malayan Union, transferred sovereignty formally from the sultans to the British Crown, and created a Malayan citizenship for aliens who satisfied specific residence requirements and who affirmed that they considered Malaya their "permanent home and the object of their loyalty."<sup>2</sup>

All elements in Malaya were agreed upon the need for simplifying the prewar administration, but none liked the prospective Union. The "MacMichael treaties" of September-October 1945, which deprived the sultans of their last remnants of sovereignty,

<sup>2</sup> Chinese and Indian nationals, as well as those aliens who were British subjects by virtue of birth in the Straits Settlements, were not required to renounce their former status if they acquired Malayan citizenship. Thus the proposed citizenship was additional, not tantamount, to nationality.

aroused increasing Malay opposition. The proposed administrative separation of Singapore from the mainland—designed to preserve the Malay majority in the peninsula from being swamped by predominantly Chinese Singapore—did not allay the Malays' fear of the Chinese, heightened as it was by the prospective grant of citizenship rights to the non-Malay groups. For their part, the Chinese merchants, though they appreciated the political advantages they would derive from the Union plan, were displeased by the economic implications of Singapore's separate status.

The Indian community, composed chiefly of illiterate coolies working on the peninsular rubber estates, was politically inert, having been chastened by its association with Bose's ill-starred venture. Urged by Pandit Nehru to resolve its dual loyalties in favor of either Malaya or India, it was attracted far more by nationality in an India about to become sovereign than by Malayan citizenship and its dubious benefits. Such opposition as the Indians showed to the government's policy took the form of strikes for higher wages to meet the spiraling cost of living. In this they followed in the wake of the Chinese, who formed the more important of the country's two major labor forces and who were giving Malayan workers an increasingly radical leadership.

In both the economic and political fields the British Military Administration tried to revive the old formulas but found that they no longer applied to the postwar situation in Malaya. It bequeathed to the civilian administration, which took over on April 1, 1946, a number of unsolved problems: the mounting opposition to the Malayan Union proposal, the high and rising cost of living, the rapidly growing control of the labor movement by the Malayan Communist party, and the demand of the local-born population for greater opportunities in every field. The political problem was considered the most crucial, urgently demanding a new solution.

Throughout the summer and fall of 1946 secret negotiations were carried on between the British and the United Malay National Organization (U.M.N.O.). That body, composed of conservative upper-class Malays, had been organized in March 1946 by Dato Onn bin Jafaar, premier of Johore, to oppose the Malayan Union plan and to safeguard Malay "rights." By December 1946 it was clear that the Malayan Union would be trans-

formed into a Federation, in which the sultans' fictional sovereignty would be restored and the Malays' privileged prewar status would be protected by such means as the requiring of much stiffer qualifications for acquisition of citizenship by non-Malays. The nine Malay peninsular states were to have constitutional administrations and the former Unfederated States were to lose some of their powers to the Federal government. Of the prewar Straits Settlements, Penang and Malacca were to be absorbed into the Federation—a political “no man's land” theoretically evolving from colonial to dominion status. Singapore was not involved in the negotiations with the U.M.N.O.; it was destined to remain a free port and a separate Crown Colony, with partly-elected Legislative and Municipal Councils and with the option of eventually joining the Federation.

The wider competence granted to an enlarged Federal Legislative Council, on which there was to be a majority of un-officials,<sup>3</sup> was not accompanied by any change in the appointive nature of its membership. Thus, as matters worked out, British control was modified only with respect to the limited representative bodies to be elected in Singapore, and to the wider role in internal affairs played by a larger number of appointees in the expanded Federal and state councils of the peninsula. A committee that was formed to hear and weigh non-Malay criticism of this new constitutional proposal eventually recommended only minor changes, and the Federation came into formal being in February 1948.

During the prolonged negotiations an unstable collaboration had developed among the forces opposing the new constitutional proposals. This opposition was divided by conflicting national or economic objectives. Two attempts were made to organize a united front of the various communities, based on the advocacy of a common Malayan nationality and of democratic rights for all the permanent residents of a self-governing Malaya, but they foundered for lack of support. (Only once, in September 1947, did all the anti-Federation forces come together to offer their own constitutional proposals.)

The first of these attempts was made by the Malayan Democratic Union, founded in December 1945, whose appeal and

<sup>3</sup> In Malaya, the term “unofficial”—used as a noun or adjective—refers usually to those members of government bodies who are not civil servants.

membership was largely confined to the local-born Chinese intelligentsia. The second, by the Pan-Malayan Council of Joint Action, was geared to a wider audience and to a more concrete program, but it never succeeded in speaking for any but the non-Malay domiciled communities—chiefly the Straits-born Chinese. Neither of these organizations attracted many Indian adherents, nor were they able to win over the more nationalistic and radical opponents of the Federation scheme—the Malay Nationalist party and the Malayan Communist party. By mid-1948, as the struggle between the more extreme elements grew in violence, the leaders of both the Malayan Democratic Union and the Pan-Malayan Council of Joint Action lost heart and dissolved their organizations.

The Malay Nationalist party (M.N.P.) voiced the opposition of the handful of middle-class Malay intelligentsia to the aristocratic conservatism of the United Malay National Organization, and aimed at pan-Malay objectives, but it was handicapped by a record of Japanese collaborationism<sup>4</sup> and by Indonesian leadership. Early in 1947, with the support of a few other Malay groups, it organized the P.U.T.E.R.A. (a "united Malay front") and tried—without success—to arouse widespread nationalist opposition to the proposed Federation. It claimed that the proposed Federation was pro-Malay only in appearance, and that the real interests of the Malay people would best be served by severing links with Britain and by forming close ties with the Indonesian Republic.

The Malayan Communist party, on the other hand, initially proposed a program broad enough to attract all the anti-imperialist forces in Malaya and to bridge over the national and economic cleavages between them. During the first six months following the Japanese surrender, this party profited by the official tolerance accorded it (in recognition of its leadership of the anti-Japanese resistance) to expand its organization throughout Malaya and to organize the labor movement. Its premature attempt to incite a general strike, late in January 1946, followed by anti-British demonstrations, provoked government retaliation. Belatedly, but with growing effectiveness, the government began

<sup>4</sup> Though the M.N.P. was not formed until November 1945, it evolved from the Japanese-sponsored Kris Society and inherited many of the latter's leaders.

tightening its security regulations and guiding Malayan trade unionism along nonpolitical lines. This assertion of stronger official controls, coincident with Britain's definite alignment with the conservative United Malay National Organization, impelled the Communist party temporarily to divert some of its energies toward the constitutional struggle and to confine within legal limits its effort to get a firmer hold over the two large federations of labor it had set up in Singapore and on the mainland.

Never, however, was the Communist party able to disguise effectively the revolutionary Marxism of its ultimate aims or the predominantly Chinese texture of its leadership. Far from gaining new adherents, this party progressively dissipated the good will it had earned through its wartime activities by inciting labor strikes for its own political purposes and by ruthlessly extorting "protection money." Two and a half years after the war ended, because of dwindling popular support and ever tightening British controls, the Communists evidently decided to forsake their middle-of-the-road position and allies and attempt to seize power by force.

The Communist revolt launched early in 1948 had two successive objectives. It aimed first to coerce the conservative Chinese into supporting the uprising or, at least, to frighten them into a passive position. Its second aim was to oust the British, who were believed to be militarily unable to quell a revolt. Communist tactics did neutralize the Chinese community, and it cost the British heavily to carry on prolonged and indecisive guerrilla warfare. But the revolt was not sudden or strong enough either to drive the British out of Malaya or to curtail the country's tin and rubber production in 1948, 1949, or 1950. Moreover, its savagery alienated many former fellow-travelers, who felt compelled to choose the forces of national conservatism as opposed to those of economic revolution, for the struggle cut across ethnic lines without obliterating them.

Apart from its revolutionary political program, the Communist party was the first to offer positive leadership for the redress of the economic disabilities experienced by Malaya's working people during the postwar years. The conditions that forced Malaya, before the war, to import two thirds of its food requirements and almost all of its consumer goods had been intensified by the country's economic isolation during the Japanese oc-



cupation, the marked increase in its population, and the postwar world scarcity of goods and shipping. Although better off than many other peoples, Malaysians of all economic levels had been hard hit by the invalidation of Japanese currency decreed by the British Military Administration, and the effects of this action were not offset by meager relief supplies, price controls that proved largely ineffective, and a limited rationing system. Severe inflation was accompanied by a flourishing black market in such essentials as the population's basic food. Because the price of rice has been the yardstick for all other Malayan living costs, many qualified observers believe that if the International Emergency Food Commission had allotted Malaya a larger rice supply, the country would have been spared much of its postwar labor and political unrest.

To provide for its growing population, Malaya needs about one million tons of rice annually. According to the census of 1947, Singapore's population had increased more than 65 per cent during the preceding sixteen years to approximately 940,000, of whom some 729,000 were Chinese. The Federation, which contains the only rice-growing areas, had experienced in the same period an increase of 27.8 per cent—from 3,818,000 to 4,878,000. Rice allocations by the International Emergency Food Commission were considerably less than Malaya's prewar rice imports for a smaller population. Moreover, Thailand (the chief supplier) did not deliver all the allocated rice, much of it was of poor quality, ration cards had been overissued by more than one million, and only the few who could afford black-market prices were able to enjoy adequate nourishment. Two years after the war's end, the controlled price of rice was six times the prewar figure, but the black-market price was eighteen times higher.

Besides imposing its rationing system, the government tried to meet the deteriorating food situation by increasing local production. Rubber-estate owners were prodded into raising food crops, agricultural colonies were established for Malay farmers, and, for the first time in history, a minimum price for rice was guaranteed to the Malay peasantry. Although rice production in 1948 reached the record total of 233,000 tons, the government was not yet able to prevent farmers from selling a large proportion of their output to the black market; nor was it able

to mill satisfactorily the ninety-thousand-odd tons of paddy it had bought at considerable cost. Because of Malaya's comparatively poor soil and inadequate farm labor, and because the monetary rewards from rubber and tin are far greater, it has long been recognized that the country cannot hope to become self-sufficient in food. But experts still contend that by bringing under cultivation almost a million more acres of potential paddy land, enough rice could be raised to meet half of Malaya's food requirements.

Although the rice supply was the most important single problem preoccupying the Malayan people as a whole, the urban population was also faced with a grave housing shortage. Overcrowding, already evident in Singapore before the war, was aggravated by an influx of refugees from up-country (where, because of bandits and, later, also rebels, both life and property grew more and more insecure). Houses had been requisitioned by the military, private contractors were not interested in low-cost housing, and the government had failed to construct living quarters for other than a few of its own employees. It was not until 1948 that schemes for public housing, pigeonholed in committees for three years, began to be implemented.

In the absence of official indexes, the cost of living in Malaya is hard to trace accurately. It is generally believed to have risen above the prewar level by three hundred to four hundred per cent, while wages (including special allowances) have increased only two hundred to three hundred per cent since the prewar years. Wages paid by the tin and rubber industries have never been uniform throughout Malaya. Although they have been supplemented by cost-of-living allowances, the size of which has steadily increased, no satisfactory formula has yet been found by the various committees appointed to study the question. The continuing manpower shortage, which has not been remedied by fresh immigration,<sup>5</sup> has been labor's trump card in demanding improved living and working conditions. But the force that Malaya's nascent trade unions might have used to improve the workers' economic status has been deflected to political objectives by Communist leaders. Since the 1948 revolt, which made many Communist labor leaders go underground or

<sup>5</sup> No postwar immigration policy has yet been devised by the Malayan governments, and in the meantime immigration is not permitted.

join the insurgents, British trade-union advisers have been more successful in persuading organized labor in Malaya to aim at purely economic gains.

In the struggle to make small incomes meet inflated living costs, the problems of Malayan white-collar and professional workers are the same as those of the laborers, but beyond that they differ. While there is evidence of Marxist orientation among certain clerical and teaching unions, the major preoccupation of the non-Malay local-born intellectuals has been to achieve equal status with Europeans in recruitment, promotion, and pay. Asians showed resentment on this score soon after the Japanese surrender, when they were paid on a lower scale and with less promptness than were Europeans for the same war-time services. Asian members of the teaching and medical professions have been increasingly vociferous in demanding an end to the preferential treatment accorded British teachers, doctors, and nurses. The long-discussed question of establishing a University of Malaya, by amalgamating the existing medical and liberal-arts colleges and adding new faculties, has been vitalized since the war largely because of Asian insistence that future graduates be given professional opportunities and treatment equal to that accorded their British colleagues. The decision to establish such a university was made in 1948, despite failure to resolve the foregoing problem and to provide adequate financial support through governmental subsidies or individual contributions.

The various Malayan social and educational plans drawn up in 1946-9 reflected a far greater sense of official responsibility for social welfare than had existed before the war. The expansion envisaged in both fields represented a radical departure from previous policy and called for additional Asian government servants. Particularly in Singapore has the public conscience awakened; here some temporary relief measures initiated by the British Military Administration have become permanent under the pressure of poor local health conditions and inflation. A social welfare department set up in Singapore, provided free meals for the destitute and for school children, tackled the juvenile delinquency problem on a professional basis, and undertook a scientific social survey of living conditions in the city—the first of its kind to be made in southeast Asia. Largely for financial reasons, however, little has been accomplished so far in re-

lation to Singapore's current needs. Nevertheless, the changed attitude toward social problems represents a real psychological advance.

Ever since returning to Malaya, the British have concentrated in the economic field upon increasing the production of food; restoring the prewar output of tin and rubber; conserving hard currency; fighting inflation with price regulations and rationing; and checking any form of violence that threatened to curtail Malaya's production potential. While the first two objectives were achieved, they entailed heavy outlays. By the end of 1948 the government had subsidized rice farmers to the amount of 51,000,000 Straits dollars; it had loaned (Str.)\$56,000,000 to rubber planters and (Str.)\$62,000,000 to the tin industry.<sup>6</sup> Singapore, after two deficit years immediately following the war, managed to budget for a modest surplus of about (Str.)\$2,000,000 in 1949; but the Federation still had a deficit estimated at (Str.)\$171,000,000 for 1948-9, and its reserves at the time totaled only (Str.)\$121,000,000. Neither the loan raised in 1946 nor the subsequent drastic pruning of administrative expenditures had remedied its shaky budgetary situation.

The poor condition of Malaya's public finances in the post-war years had a number of causes—the cost of rehabilitating the country's tin industry and its transportation system, damaged by British scorched-earth measures in 1942 and by Allied bombing during the war; the decline in the entrepôt trade through which Singapore and Penang had long prospered; the decrease in revenue from ad valorem taxes on tin and rubber exports; the initiation of expensive developmental schemes by both the Singapore and Federal governments; the failure of the British government to settle war-damage claims promptly; and, above all, the expenditure required to meet the insurrection that began in 1948.

As yet no new or expanded sources of income have been devised to cover the outlays required by these developments. True, an income tax was reimposed in Malaya in 1947, at the insistence of the British government, despite the very strong opposition of local businessmen and of the unofficials on Ma-

<sup>6</sup> Early in 1949 the value of the Straits dollar was a fraction over U.S. \$0.47. Devaluation (September 19, 1949) brought the official rate down to about U.S. \$0.32.

laya's advisory councils.<sup>7</sup> But effective collection of this tax did not begin until late in 1949—too recently to appraise its contribution to the country's revenues. And although Malaya's two main industries enjoyed remarkable prosperity, thanks to the postwar world shortage of tin and rubber and to the virtual cessation of competitive exports from strife-ridden Indonesia, Malaya did not achieve a favorable balance of trade. While its foreign trade in 1947 reached the unprecedented figure of (Str.) \$2,587,000,000 and in 1948 rose to (Str.) \$3,500,000,000, imports—notably those of food—still exceeded exports. Attempts to curtail imports from hard-currency countries, initiated seriously in June 1948, not only did not wholly check exchange leakages but served to keep the cost of living high and to hamper the entrepôt trade. In part this reversal of Malaya's prewar budgetary prosperity has been due to a world situation totally beyond its control, in part to adverse and unstable internal conditions, and in part to the opposition offered by businessmen in Malaya to the postwar policy of the British government.

For many years the status of the tin and rubber industries has been the barometer of Malaya's prosperity. In 1948 the labor force employed on Malayan rubber estates numbered about three hundred thousand and it was believed that another four hundred thousand persons on the mainland earned all or most of their income from rubber. Thus the price received for rubber exports directly affected the purchasing power of approximately one third of the Federation's population, and the rubber-export duty provided close to a third of the Federal revenues. In the tin industry fewer laborers were employed—some fifty thousand—but in 1948 the duty from tin exports brought (Str.) \$29,400,000 to the Federal exchequer.

The brake on price fluctuations in both industries, exercised during the 1930's by the international tin- and rubber-restriction schemes, was not reapplied after the Japanese surrender. Instead, price agreements between the British and American governments, some of which antedated the end of the war, regulated the amount paid to Malayan producers, who were not directly represented in the negotiations leading to those agreements. From this controlled price, Malayan planters and miners

<sup>7</sup> The tax amounts to about 20 percent on company profits and a progressive rate of 3 percent to 30 percent on the income of individuals.



had to meet such immediate expenditures as greatly increased production and transport costs and higher export duties. To repair the wartime damage done to both industries—far more serious in the case of tin than of rubber—and to undertake large-scale replacement of over-age rubber trees and prospecting for new tinfields, funds had to come from company reserves and government loans.

In 1946 the area under rubber cultivation in Malaya was 3,400,000 acres (compared with 3,500,000 in 1939), of which about two million were made up of estates of one hundred or more acres. Of the estate area, only some 340,000 acres were planted with high-yielding strains, and on the smallholdings more than four fifths of the trees had passed their production peak. Despite these handicaps—not to speak of labor and equipment shortages, looting, and high production and transport costs—Malayan rubber in 1946 made a remarkably quick comeback. Output in that year increased twentyfold, totaling some 250,000 tons, and in 1947 it reached an all-time high of 645,229 tons, almost 300,000 more than in 1939. In 1948 this record was topped by a production of 696,978 tons, and the value of rubber exports accounted for over half the country's exports of Malayan origin.

Malaya's rubber plantations had not been seriously damaged during the Japanese occupation—indeed the rubber trees had benefited by their long rest from tapping—and even increased expenses did not curtail output. Smallholders, who produced forty per cent of Malaya's total output, were naturally less affected by the rise in production costs than were the estates, which had to cope with fixed overhead expenses. Labor, it was claimed, was now three times more expensive than before the war, and the export duty on rubber had been raised to 2.75 Straits cents per pound, compared with the prewar 1.50 Straits cents. In April 1947 the prewar ban on replanting (as insurance against overproduction) was lifted, but few could profit thereby, because most of the big companies had already used up their reserves for rehabilitation. Moreover, in view of the future possibilities of synthetic rubber and the current low price for natural rubber, planters of all categories were reluctant to embark upon such a costly and long-term venture.

By a wartime agreement between the United States and

Great Britain, the price of rubber was fixed at about 30 Straits cents per pound, which Malayan producers complained was below production cost as well as below that received by Ceylonese planters. All the local output had to be sold to the British Military Administration's Rubber Buying Unit. After that agreement expired in June 1946 the price was slightly increased, and in April 1947 a free rubber market was established. Although the postwar price of rubber has maintained a fairly high level, there have been two serious drops that evidenced a fear of the revival of Indonesian production. Despite the temporary nature of these declines, the United States was loudly denounced as having deliberately depressed the price for natural rubber by subsidizing the production of synthetic and requiring American manufacturers to use certain proportions of it. For two and a half years after the war ended, the Malayan growers tried to raise the price paid for natural rubber, although not to the point where it would stimulate expansion of synthetic production in the United States. But when Congress passed a law, in March 1948, continuing American governmental rubber control until 1950 and an annual production of at least 221,000 tons of synthetic, Malayan hopes were dashed. Thereafter the local industry began seriously considering ways and means of lowering its production costs by large-scale replanting—a program which obviously required governmental aids and, inevitably, more extensive official controls.

The postwar history of Malaya's tin industry followed a somewhat different course. It too tried to persuade the United States to pay a higher price and to end its support of a smelting industry in Texas which competes with Malayan smelters; and like the rubber industry, it strove for the restoration of a free market. But rehabilitation of dredges and smelters and of the power supply was a slower, costlier process than were the restorative measures that the rubber industry had to undertake. In 1947 Malaya produced only 30,000 tons of tin, less than half its annual output before the war, when it accounted for about thirty-five per cent of the world's production. In 1948, however, the Malayan output rose to 45,739 tons—a remarkable achievement in view of the Communist outbreak in that year—and in 1949 it rose to 55,448 tons.

Several circumstances contributed to the comparatively strong position of tin. Whereas rubber is an expandable resource, tin is an irreplaceable mineral deposit, and since V-J Day it has commanded a high price. From £300 a ton immediately after the Japanese surrender, the price climbed to £500 by December 1947, and throughout 1948 it remained fairly steady at about £554. Strikes and labor disputes have been less numerous in the tin industry than in other Malayan enterprises, largely because more uniform wage levels have been achieved through the successful activities of the Malayan Mining Employers' Association.

Quite as persistently as the rubber growers, Malaya's tin mine operators complained of government controls, both in the domestic and in the international sphere. In Malaya itself they wanted permission to prospect for new tinfields in areas earmarked for agriculture or forest reserves. In relation to the United States, they wanted no more price-fixing or other agreements making tin an object of political barter and failing to accord "proper protection" to Malayan interests. In particular, they resented London's agreeing to abolish the export duties on tin ores, announced in 1948, without its having wrested from the United States a compensatory pledge to cease subsidizing the Texas smelter. Both the rubber and tin industries felt that they contributed so largely to Britain's American-dollar pool (in 1948, Malayan shipments of those commodities constituted just over sixteen per cent of the Commonwealth's exports to the United States) that they should be directly represented in all the international negotiations affecting them.

If British planters and mine operators have resented parting with their American-dollar earnings for the Commonwealth's benefit and having no determining voice in the price they received or the disposal of the proceeds, the resentment of the Chinese and Indians in Malaya over price and exchange controls and austerity imports has been tempered by no patriotic considerations. They have stated that if Malaya's adherence to the sterling bloc has meant cheap American dollars for the Commonwealth, it has also meant a higher cost of living and of production locally. Asian merchants have complained that they were compelled to buy in sterling-area countries—often the most

expensive markets—and that large quantities of restricted import goods have been channeled in Malaya through the big British firms.

The Chinese, in particular, have asserted that only an end to "ill-advised and fluctuating government controls," as well as a reduction in handling and processing charges (estimated at 5.5 times the prewar level), could save their entrepôt trade. For the position of this trade in Singapore and Penang, far more precarious than that of any other Malayan enterprise, has steadily deteriorated. It has had to cope with the same local labor shortage, labor unrest, and stringent official controls, but has not benefited from government loans as have Malaya's tin and rubber industries. Largely dependent on Indonesia and China, the entrepôt trade was reduced almost wholly to barter and smuggling, as a result of the conflicts in those countries. The case for Penang's secession from the Federation and restoration to its former status as a free port, which gained momentum throughout 1948, has been based mainly on the harm done to its entrepôt trade, though political issues also are at stake as Penang's merchants agitate to sever ties with the peninsular Malay states.

Generally speaking, the postwar period seems to have been marked by a political and economic decline in the position of the Chinese and Indians; a political, without a corresponding economic, improvement for the Malays; and a politically static but economically waning status for the British. The last-mentioned group—the only one that exercises both political and economic power in Malaya—has thwarted the local extremists' attempts to take over the government. It has also insured the Malays' loyalty by increasing their political potential at the expense of the domiciled Chinese and Indians, without appreciably loosening its own hold over the country's administration. But Malaya's major industries, in which British interests remain paramount, have been enjoying what may eventually prove to be a transient prosperity. Since the war Malaya's economy has been dominated, as before, by tin and rubber and hence has been dependent upon American purchases of both commodities. If the tin industry is to survive in the long run, new fields must be discovered to replenish this "wasting asset," for the mines that have been operating will be exhausted within another twenty-five years. Malaya's rubber planters, to survive, must keep produc-

tion costs not only below those of competing areas but also below those of the war-born synthetic product. The economic future of the Malayan Indians and Chinese, whether laborers, producers, or merchants, is also closely bound up with Malaya's major industries, and these groups have been even more dependent than the British upon the survival of the entrepôt trade. The whole local economy, built up on *laisser-faire* practices, has been fastened more tightly than ever before in a framework of government controls—both in Malaya itself and in the areas with which it traditionally trades.

Regardless of the varying political loyalties and economic positions of the Malayan Chinese and Indians, both groups have come to recognize that the postwar changes in Malaya have seriously affected their status. Within both of the domiciled alien communities long-standing divisions have grown wider since the war ended, and many of the Chinese and Indians, especially the local-born Chinese, have become eager for the first time to play a more important political, as well as economic, role in the country's affairs.

This growing political and economic activity on the part of the two communities has reinforced the Malays' fear that the numerical and economic strength of these Asian foreigners may eventually make the Malays an impoverished minority in their own country. Thus, just at the time when circumstances have been creating a larger, more permanent body of Chinese and, to a lesser extent, Indians in the country, the Malays are more determined than ever not to grant them a genuine stake in Malaya. And in their efforts to halt the political and economic expansion of the domiciled non-Malay Asians, the Malays are—unwillingly and often inadvertently—receiving British co-operation.

Both in Britain and in Malaya, during the war, new forces were at work to transform the blend of paternalism and *laisser-faire* that marked the prewar Malayan governments. In Britain, the newly installed Labor government did not immediately initiate social-welfare schemes, or promise Malaya eventual self-government within the Commonwealth, and it continued to utilize the services of old-time colonial administrators. Yet in trying simply to carry on the policy it had inherited from its Conservative predecessors—that of holding the balance between the Malays and Chinese under altered circumstances—the Labor



government actually widened the gulf between those communities. In attempting to restore Britain's war-ravaged economy, London became increasingly dependent upon the American-dollar earnings from Malaya's tin and rubber industries. It tightened its control over that country's trade and thereby alienated the local businessmen of all nationalities. And finally, from the spring of 1948, such progress as Malaya had made toward self-government and improved working and living conditions was at least temporarily nullified by the Communist uprising, which caused the local governments to assume dictatorial powers and to deflect the Federation's resources in men and money to cope with the situation.

Despite its preoccupation with European problems, the Labor government has been aware of the effect upon Malaya's economy and race relations of its policy of subordinating the evolution of Malaya to the welfare of the Commonwealth, and the aspirations of the resident Chinese and Indians to those of the Malays. It has tried to offset its ever-tighter controls by offering Malaya financial and technical aid. But these contributions, perhaps because their benefits will not be realized for many years, are received in Malaya with complaints as to their tardiness and inadequacy. British schemes for creating an electric grid for Malaya's rural areas and aiding the Asian rubber-grower and the Malay fisherman have aroused little enthusiasm in the country. The advisory councils in Malaya turned down Britain's initial war-damage-compensation proposal, made in September 1948, and remained hostile to a more generous offer six months later. They found unacceptable the British government's basic principle that those people in Malaya who had not suffered from the war should be taxed for the benefit of those who had, and its insistence that priority in payments be given to owners of properties economically important to Malaya. The prewar controversy between London and Singapore, as to who should bear the cost of Malaya's defense, was revived on a bigger scale. London finally agreed, in June 1950, that Britain should pay the whole cost of putting down the current insurrection as a "debt of honor."

Britain is now finding it more costly than before to favor the conservative Malays in the Federation scheme and to accept their help in putting down the Communist revolt. The conserva-

tive Malays have fallen out among themselves, with the reactionary upholders of feudal privilege opposing those who would like to see Malaya evolve toward a more democratic constitutional monarchy under a single sultan and British protection. In the fall of 1948 Dato Onn bin Jafaar went to London reportedly to press for the appointment of more Malays to high posts in the Federation, including a Malay deputy high commissioner, and for the restoration to the Malay States of such powers as had been absorbed by the Federation Secretariat. In June 1949 Dato Onn found himself in opposition to the sultans, who did not relish the idea that one of lower rank than themselves—albeit a fellow-Malay—should be placed administratively over them; but there is little doubt that the British will have to make still further concessions to Malay aspirations. And these aspirations frankly include compelling the local Chinese and Indians to share more of their economic power with the Malays, in return for no greater political privileges than these communities now have. The Chinese, reading the handwriting on the wall, reversed their early opposition to Singapore's separation from the mainland and supported the movement in Penang for its secession from the Malay-dominated Federation.

The latter months of 1949 showed a reversal of earlier trends, particularly in the tin and rubber industries, as a result of the devaluation of the pound in September. In the military field, the optimism felt during the first months of 1949 was somewhat dissipated. The political stalemate that had existed since the outbreak of the Communist revolt in June 1948 gave way to a sharpening of issues among the Malay, Chinese, and Indian groups, among the different factions within each of these communities, and between the Federation and the former Straits ports.

During the first half of the year, the situation in Malaya seemed to be growing worse in every way except militarily. The government forces appeared to be at least holding their own against the insurgents and bandits operating in the peninsula. Attacks on isolated estates and mines had diminished from the peak of late 1948. Rebel forces were reportedly breaking up into smaller units and seeking refuge in the inaccessible depths of the jungle, thanks to the offensive launched by newly arrived Gurkha and British troops and the guard duty performed by local

constables. Nevertheless, Malaya's press and public bodies continued to urge that the insurgents be exterminated, not merely held in check, that more realism replace the overoptimism of military communiqués, that additional reinforcements be sent to Malaya, and that stronger defense measures be taken by the Malayan government.

More troops were sent to Malaya and more constables—chiefly Malays—were recruited on the spot, though the authorities were naturally reluctant to add to the financial burden<sup>8</sup> and to increase the number of men employed unproductively in so far as the Malayan economy was concerned. Shifts in the military command and, in August, the retirement of two of the Federation's chief police officers strengthened the impression that there was dissension at high levels in regard to military policy. As the year drew to a close it appeared that no clear-cut, over-all decision had been reached: on the one hand the government had taken stringent measures against individuals or groups suspected of aiding the insurgents, and on the other it had offered, in September, amnesty terms to those rebels "whose hands were not covered with blood" and who were willing to surrender with their arms.

The position of the Chinese in Malaya has posed the major problem for the government in dealing with the insurrection. Though divided along many lines as a community, all the Malayan Chinese have been influenced by the Communist victory in China. Even those who were not ideologically sympathetic to Marxism reacted favorably to the nationalistic hope that a strong China might arise. The propaganda emitted by the Peking radio, expressing sympathy for the overseas Chinese oppressed by colonial or nationalist governments in southeast Asia, could not but fall on receptive ears in Malaya. For the local Chinese felt politically disinherited by the change in their status under the Federation constitution. They resented the deportation of thousands of Chinese as undesirable aliens, the uprooting of Chinese squatter communities, the imposition of heavy fines for trifling offenses (such as forgetting to carry their registration cards), the delay in examining the cases of the many Chinese arrested under the "emergency" laws, and the hanging of those

<sup>8</sup> In February 1949 the cost of the "emergency" was estimated at (Str.)\$300,000 (U.S. \$141,000) daily.

found guilty of carrying unlicensed firearms. Then, too, in May 1949 the Singapore government forced the dissolution of the local branches of the Kuomintang and the Chinese Democratic League; in October it forbade any Chinese community celebration of the "Double Ten" anniversary of the Chinese Revolution of 1911; and in November it banned the flying of any foreign flag. Although some of these measures also affected the other non-Malay communities, the Chinese have been the chief target of the government's antforeign measures, as well as the main victims of the insurrection.

Probably as a consequence of the foregoing policy and of customary Chinese acquiescence in the exaction of "protection money," the Malayan Chinese as a group have remained neutral in the present struggle. British officials have frequently complained that the Chinese were neither volunteering to serve in the local police forces nor supplying the government with the information they undoubtedly possessed as to the insurgents' whereabouts and activities. In January 1949 the Federal government assumed wide powers over Chinese squatters—communities composed of individuals or groups displaced during the Japanese occupation and supplemented by fresh arrivals in the post-war years, who willingly or under pressure had been supplying the rebels with food and shelter. Public opinion, especially among the local Chinese, was incensed by this official action. It was pointed out that such aid as the squatters gave to the insurgents was by no means always voluntary, that the squatter-farmers furnished food crops urgently needed by the country, and that Malaya's urban housing crisis left the squatters no alternative but to take up land that, though not legally theirs, was not otherwise in use. Nevertheless the government persisted in its program. Chinese Advisory Boards were set up in Singapore and on the mainland in 1949; repatriation to China of some of the 10,300 Chinese sentenced to deportation was begun by the police;<sup>9</sup> and the first of a series of squatters' rehabilitation camps was set up in Taiping late in November, despite the opposition of some peninsular Malays who did not want large communities of Chinese in their states.

Coinciding with, and probably stimulated by, these measures, there was among domiciled minorities a revival of the de-

<sup>9</sup> In 1948 only 606 persons had been deported.

mand for a revision of the Federal constitution in their favor, particularly its citizenship provisions. This time, in contrast with previous attempts, the organizations sponsoring the campaign were built along communal lines—for example, the newly formed Malayan Chinese Association and the renascent Malayan Indian Congress. The latter organization, however, was so ridden by internal dissension as to weaken its influence on official policy, and in July it was split on the issue of whether membership in the Congress should be confined to Indians declaring Malaya to be their home and the object of their loyalty. That the Malays, too, were intensifying their communalism was shown in June when some branches of the United Malay National Organization rejected a proposal made by Dato Onn bin Jafaar to admit non-Malays as associate members.

Nevertheless, the very fact that such a proposal was made by the organization's leader, and that he was also sponsoring other measures designed to make the Malay states evolve in the more democratic direction earlier advocated by the Malay Nationalist party, pointed to a widening of the rift between the sultans and the more liberal among their former supporters. This rift was dramatized in October when the Sultan of Johore requested the resignation of Dato Onn as premier of his state.

In September 1949 Dato Onn had urged the general assembly of the U.M.N.O. to work for a Malayan nationality rather than a Malayan citizenship, to reduce the sultans to constitutional monarchs, and to set up parliamentary governments with elected representatives. These proposals were in line with the recommendations of the Communities Liaison Committee, of which Dato Onn was a prominent member and which the British had set up in January 1949 with a membership representing all Malayan ethnic groups, including Eurasians and Ceylonese. The report of the Committee, issued in September, urged liberalization of the citizenship law, the holding of elections in "suitable areas," and the creation of Malayan-mindedness through a reform in the primary education system and the adoption of such national symbols as an anthem and a flag.

While this program represented a major advance in political thinking on the part of Federation leaders, Singapore continued to evolve toward self-government more rapidly and along an increasingly divergent path. To remedy the indifference



shown by the Singapore population toward the municipal elections held in April 1949, when only some nine thousand out of a potential electorate of approximately ninety thousand went to the polls, property qualifications for voting were abolished in July, thus making the electorate for the Municipal Commission identical with that for the Singapore Legislative Council. The good effects of broadening the franchise were shown the following December in the turnout of voters after a lively campaign for the election of additional municipal commissioners. In this contest between the local Progressive and Labor parties, the new-born Labor party forged ahead of its older and more conservative rival.

In contrast to the Federation, which had no elected bodies, Singapore now had an official and partly elected majority on its Legislative Council; a modern municipal system governed by a commission, two thirds of whose members were elected; and two political parties that represented, on an intercommunal basis, the local-born middle class. Late in 1949 Singapore's councilors expressed a desire for their own civil service commission, separate from that of the Federation, and a war-damage-compensation scheme different from that acceptable to the Federal Legislative Council.<sup>10</sup> Despite the gift of (Str.)\$4,285,715 voted in July 1949 by the Singapore Legislative Council as a "gesture of good will and practical sympathy" for the war-torn Federation, leaders in both areas later showed that the prewar rivalry between the great commercial port and the producing mainland had been intensified by postwar developments.

In public-welfare schemes, too, Singapore has committed itself to a policy which contrasts with that of the Federation. The latter's Legislative Council in November 1948 turned down a proposal to study ways and means of introducing social security there. Although Singapore's welfare projects have been whittled down to meet only the most urgent needs, its Legislative Council had earlier accepted a three-year plan to provide, by the end of 1950, new housing for thirty-six thousand persons at a cost of thirty-two million Straits dollars. It also has initiated a five-year

<sup>10</sup> In July the select committee representing the governments of Singapore and the Federation had accepted Britain's scheme of war compensation, which included a £20,000,000 grant and an interest-free loan up to £18,500,000.

medical plan, to cost fifty million Straits dollars, for expanding hospitals and for remedying the long-standing shortage of doctors and nurses. And in 1949 it entered on a long-range educational program, whereby all children between the ages of six and eight were to begin receiving free primary education in government or state-aided schools. Singapore's greater assumption of public responsibility for social welfare was due in part to its comparative compactness and homogeneity, in part to its freedom from the insurrection and the Chinese-Malay antagonism that beset the peninsula, and in part to its relatively favorable financial position.

In addition to Singapore's gift, the Federal treasury received in 1949 a contribution from the British government of (Str.) \$42,860,000 for the purpose of putting down the insurrection. Yet the Federation was expected to end the year with a deficit of over (Str.) \$37,400,000. Revenue for 1950 was estimated at (Str.) \$273,700,000 and expenditures at (Str.) \$280,800,000. The prospect of a smaller deficit than in 1949 resulted from a further pruning of administrative expenditures, the postponement of long-term welfare and educational schemes,<sup>11</sup> and increased revenues from tin and rubber duties. The tin and rubber revenue benefited greatly from record production and from a rise in the sterling price for those commodities following devaluation of the pound.

Rubber production, after lagging early in the year, made a striking recovery in the last months of 1949, stimulated by higher prices, government aid, the determined efforts of Malayan producers despite insurgent attacks, and a slackening in labor unrest. In order to reduce production costs and improve the quality of exports (the subject of American complaint in the postwar years), the government appointed a committee in February to enquire into the economic future of rubber smallholdings, and in March drafted a law to standardize exports through the licensing of rubber packers. Plans were also drawn up for a propaganda campaign in consumer countries to widen uses for natural rubber. But these were long-range measures that brought no immediate relief from the then low price level, and

<sup>11</sup> In September 1949 the Federal Legislative Council took the unprecedented step of voting that state lotteries be instituted as a means of raising revenue for a social-welfare program.

in July an urgent appeal for aid was made to London on the ground that Malayan rubber's dollar earnings were running at a rate well below that of 1948. In September, however, the pound was devalued and the American government reduced the percentage of synthetic rubber that manufacturers in the United States must use. In one day the price of rubber in Singapore rose from 37 to 45 Straits cents, and it remained strong throughout the rest of the year. By the end of 1949 Malaya had produced 670,000 tons, nearly half the world's output of natural rubber in that year.

Tin producers, since the war, have not been in so parlous a condition as Malaya's rubber growers, although in 1949 only 633 mines were in production, compared with about 1,000 before 1941, and only 67 dredges were operating, as against 103 before the war. The year 1949 proved to be a prosperous one for tin; the price level was maintained even after June, when the international controlled price of £554 was no longer guaranteed. After the sterling devaluation came a period of uncertainty about the price, for the British Ministry of Supply—the sole buyer of Malayan tin—refused to pay more to local producers though it raised its selling price. However, after the London Metal Exchange was reopened on November 15, the price for Malayan tin rose, and total 1949 production amounted to 55,500 tons—somewhat over one third of the world's tin output.

In part, at least, this remarkable output by Malaya's main industries was due to the absence of labor troubles following the drastic "emergency" laws of July 1948 and the disappearance at about the same time of the country's Communist labor leaders. Furthermore, the rice supply was improved throughout late 1948 and 1949, controls over other foods were relaxed, and the cost of living showed a downward trend. Malayan trade unions were apparently either so cowed, so contented, or so disorganized that they failed to take advantage of the serious labor shortage in the Federation, which in May 1949 was estimated at ten thousand in the unskilled and semiskilled categories. Moreover, during 1949 the British took more active steps to orient labor toward non-Communist objectives. In March the drafting of a new Labor Code was undertaken by the Federal government, and in May the British Trades Union Congress offered its aid in organizing a new central body for the Federation's surviving

labor unions. (By July 1949, when the number of persons gainfully employed in Malaya was estimated at 1,949,000, there existed only 160 unions, with somewhat more than 40,000 members, whereas before the Communist revolt there had been 293 unions with a membership of 178,854.) The quiescence of organized labor during this period was reflected in the loss of only 7,041 days through strikes in the twelve-month period ending September 1949, compared with 452,638 days in the year before the insurrection began.

In July 1949, for the first time in the history of Malaya's rubber industry, employers and employees agreed to submit a deadlocked dispute over tappers' wages to a government-appointed Board of Arbitration. (This was also the first time that Malaya's planting industry was analyzed by a completely disinterested authority.) Although the rise in rubber prices, two months later, removed the threat of a tappers' strike by allowing for increased wages, the recommendations of the Arbitration Board had more than academic interest. Its report decried the prevalent practice of automatically reducing tappers' wages when prices fell below a certain level, without any corresponding automatic increase when rubber prices rose above that level. The Board proposed that an automatic sliding scale be established, and that rubber planters and estate workers negotiate for a standardization of methods whereby the earnings of tappers throughout Malaya could be equitably determined. No agreement was reached, however, regarding a national minimum wage for either the tin or rubber industries in Malaya.

In one important aspect of the economic picture the gloom engendered during the early months of 1949 persisted throughout the year. In March Singapore's entrepôt trade again dropped sharply, because of the tightening of Dutch controls over Indonesia's commerce, the by-passing of Straits ports as a result of the Anglo-Dutch commercial agreement in the preceding month, and the Communist victories in China. Indeed, so serious did the situation appear in Singapore that the local chamber of commerce took the unprecedented step of protesting against the Anglo-Dutch agreement to the British prime minister. In October, Singapore's secretary for economic affairs gave an emphatic warning to the city's merchants that the sole chance of survival

for their entrepôt trade lay in a drastic reduction of processing costs.

Although the immediate future of Malaya's tin and rubber seemed bright in 1949, its long-term prospects were highly uncertain and the country's economy remained dependent upon them. The pineapple industry (which had formerly ranked third) had not been able to regain its prewar level of shipments, and in July 1949 its plantations were reportedly struck by a new and mysterious blight. The only new crops to be introduced during the postwar years—Manila hemp and cocoa—were still in an experimental stage. Local businessmen remained unreconciled to the fact that stringent official controls were the price they must pay for the government aid that they increasingly needed and demanded. Investments in Malaya had fallen off, for uncertainty as to the political situation had been added to the growing hazard of dependence on world markets. Never before in its history had Malaya produced, exported, and imported so much. But its plight was worse than that of Alice in Looking-Glass Land, for it had to run faster and faster without even being able to hold its own.

By 1949 Malaya had been drawn closely into the world situation. Before the war it could have been said that the colony's only foreign relations were economic, largely confined to tin- and rubber-consuming countries and, to a lesser extent, those Far Eastern countries that the Straits ports served as entrepôt centers. Commercial ties with Indonesia after the war were reduced largely to barter and smuggling, but the political liaison effected in prewar days by a handful of Indonesian nationalist refugees in Singapore was intensified by the greatly increased Indonesian colony in Malaya and by sentiments of pan-Malay solidarity stimulated by the success of the Indonesian Republic against the Dutch. Similarly, the former economic relationship with China tapered off sharply and was replaced by a political interest on the part of Communist China in the future of the Malayan Chinese. The tenuous prewar dealings with Thailand—restricted mainly to rubber and tin—were strengthened and altered by the importance that Thai rice exports assumed for the Malayan people. Relations were also affected by joint Thai-British operations, along the common frontier, to impede infil-



tration by Communists, smugglers, and agitators working for the annexation of the Thai Malay states to the Federation of Malaya. Military and political missions were exchanged between the British in Malaya and the French in Indochina to work out common defense measures against the growing "menace" of Communist China. The interest that the government of Australia showed in the repression of the Communist revolt in Malaya was not cordially received by the Asian Malaysians; their perennial resentment of the White Australia policy was intensified by enforcement of the law passed in June 1949 permitting deportation of Oriental aliens who had entered Australia during the war. Another new international link was created by the increasingly important purchases of rubber in Singapore by the Soviet Union in 1948 and 1949. Symbolic of Malaya's emergence as a scene of international importance were the meetings held by the Food and Agriculture Organization, the International Labor Organization, and the Economic Commission for Asia and the Far East at Singapore in September 1949.

According to *The Economist*,<sup>12</sup> the British position in Malaya had become the testing point of the existing order in south-east Asia:

Devising the pattern of British policy for Malaya is therefore no light matter. It must be firm enough to keep bandits at bay, progressive enough to keep a jump ahead of Communism, tactful enough to suggest that a time limit [i.e. for the achievement of self-government] is always in mind, popular enough to keep Malaya in the Commonwealth and the sterling area. . . . The position constitutes the most crucial test which British overseas administration is at present facing.

During the first half of 1950 the Malayan situation continued substantially along the lines already described. But the outbreak of the Korean war brought significant further developments. Thereafter prices paid for Malayan tin and rubber increased phenomenally, and government revenues from duties on those products more than wiped out anticipated budgetary deficits. Malaya became more valuable than ever before as an American-dollar earner for Britain and as a source of rubber and

<sup>12</sup> London, November 12, 1949.

tin for both the non-Communist and Communist nations. All communities in Malaya profited from this situation. Yet its cause—the Korean war and the rearmament programs inspired by it—deepened the emotional cleavages among the Malayan ethnic groups, despite the efforts of their leaders to create a unified Malayan nation working toward self-government.

Communist China's victories over the United Nations forces in Korea sharpened the national pride of the Chinese in Malaya, no matter what their individual ideology. The Communist-bandit guerrillas took heart and strengthened their military position; the fence-sitters in the Chinese community, disregarding the advice and example of the Malayan Chinese Association, were even less inclined than before to co-operate with the government. Malaya's Indians were still divided among themselves, but on the main Malayan issue they followed Nehru's aim of noninvolvement in the struggle between Communism and the Western democracies.

The Malays, after a brief conservative political revolt, found themselves unable to get along without the leadership of Dato Onn who, in November 1950, announced the most liberal scheme yet evolved for reducing communal differences—his intention of offering full membership in the United Malay National Organization to non-Malays. Yet the riots that occurred at about the same time in Singapore, as a result of a pro-European court decision in the celebrated case of the Dutch-Malay child bride, Maria Hertogh, emphasized how close to the surface were the Malays' fierce racial-religious sentiments, and how easily such emotions could be exploited by subversive elements.

That the British, commendably, were not deterred from going forward with their plans for self-government in Malaya was indicated by their project for elected municipal and federal councils. But there was a growing realization both in London and in Kuala Lumpur that Malaya would probably soon have to be placed on a war footing, if it was to cope effectively with the existing insurrection.

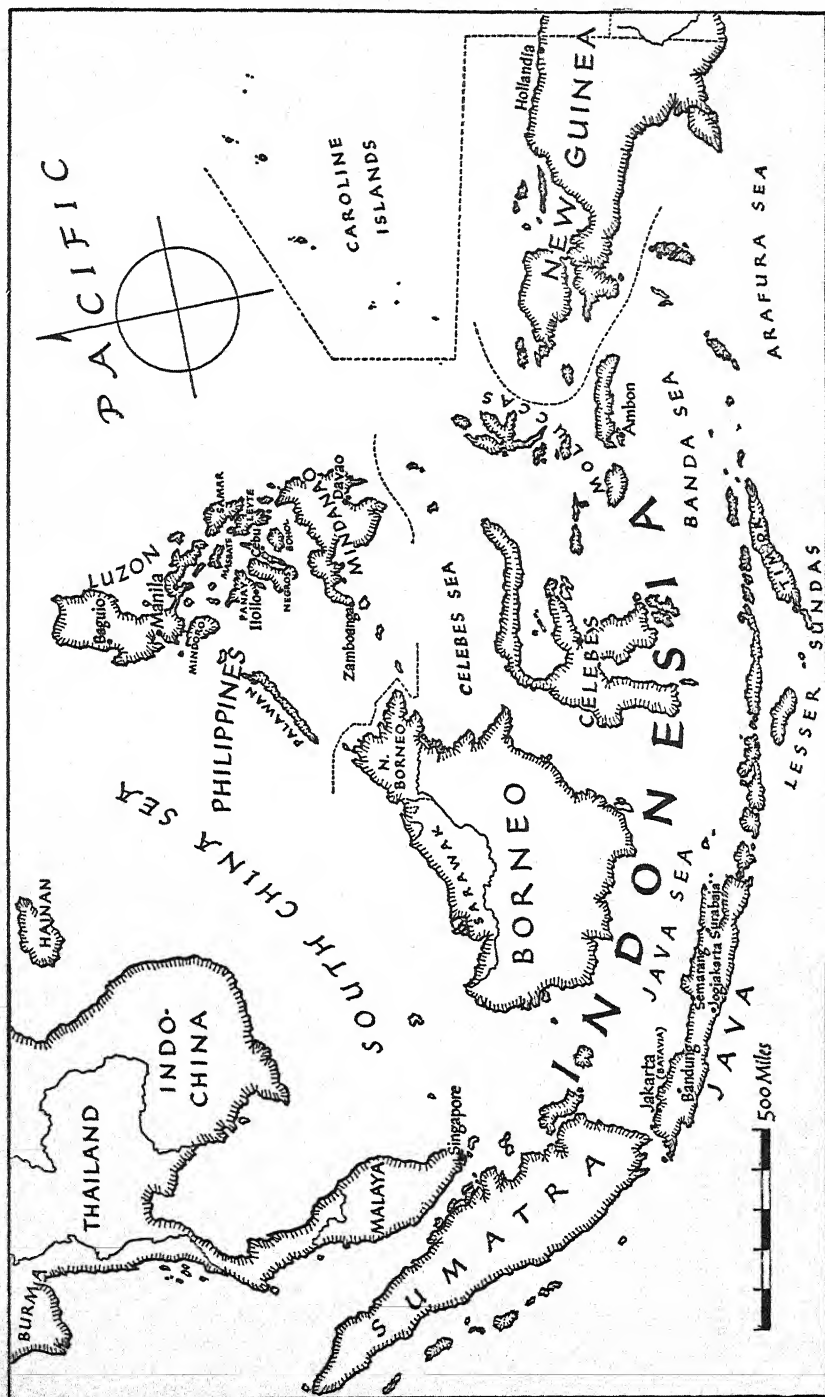
# PHILIPPINES

SHIRLEY JENKINS



THE Philippine Islands are of particular interest today for three main reasons: their strategic location, their historic nationalist movement, and their experience as a testing ground of United States colonial policy. As part of the southeast Asian region, the Philippines lies on the outer rim of American military strength and influence in the Far East. This was indicated in President Truman's decision, announced on June 27, 1950, to strengthen United States forces in the Islands and to accelerate military aid to the Philippine government, at the same time that American forces were directed to Korea and the Seventh Fleet was sent to Formosan waters.

Nationalism, which has been so powerful a force in Asia since World War II, has long been a factor in Philippine political history. The struggle against Spanish rule at the end of the last century was later turned against the establishment of American sovereignty. During almost half a century as a United States colony, the Filipinos never abandoned their efforts to win independence. The achievement of sovereignty on July 4, 1946, although a necessary prerequisite to political and economic development, was not the hoped-for panacea. Long-standing social and economic problems were yet to be solved. As elsewhere in Asia, discontent with agrarian conditions was spreading, the standard of living was not improving, and hopes for rapid reform were being dissipated. One of the products of the Pacific War in the Philippines was the Hukbalahap, a guerrilla group with a recognized anti-Japanese record. This peasant force, operating under Communist leadership with captured American and Japanese arms, did not disband after the war but continued active resistance against the administration. Renamed the Philippine



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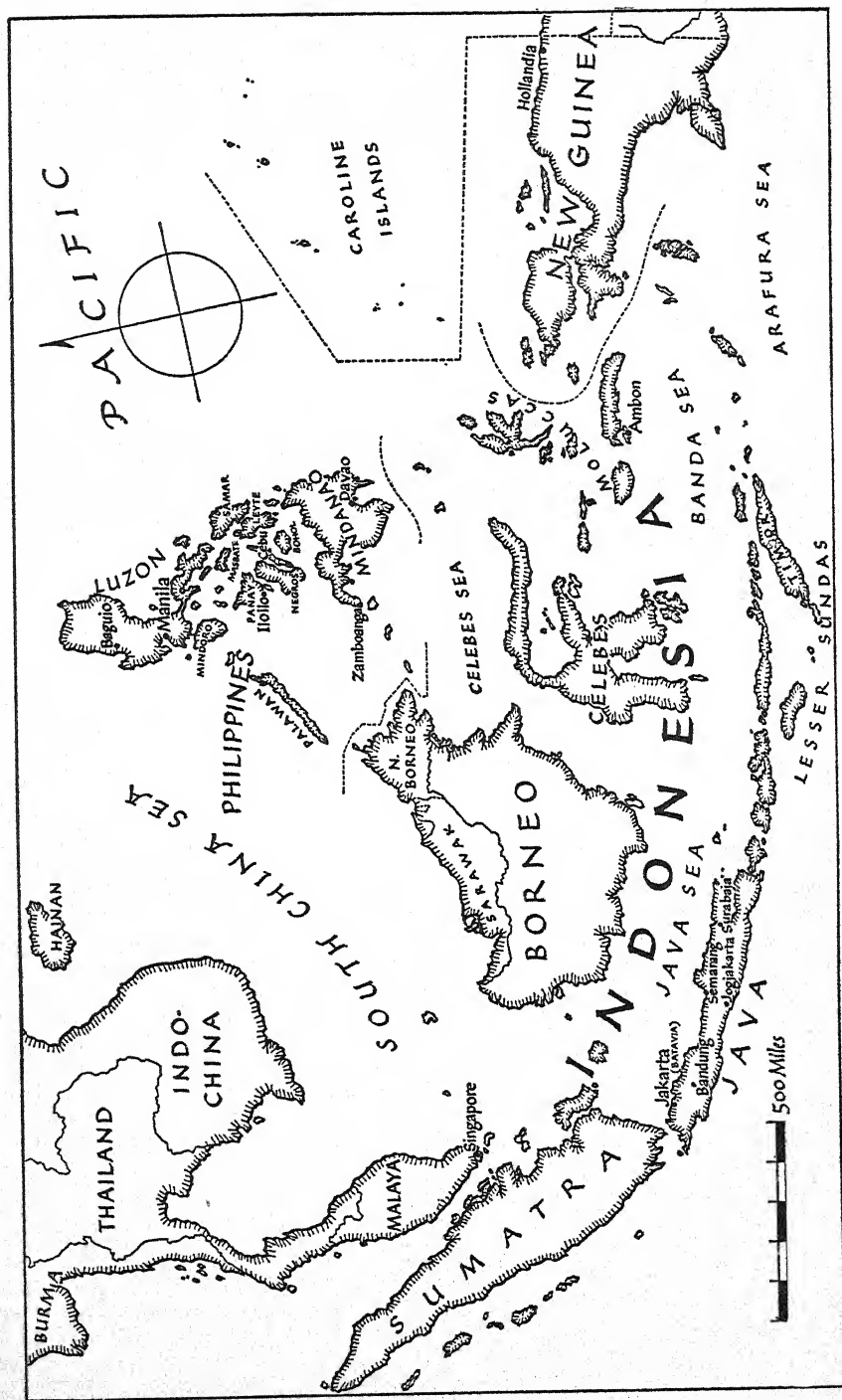
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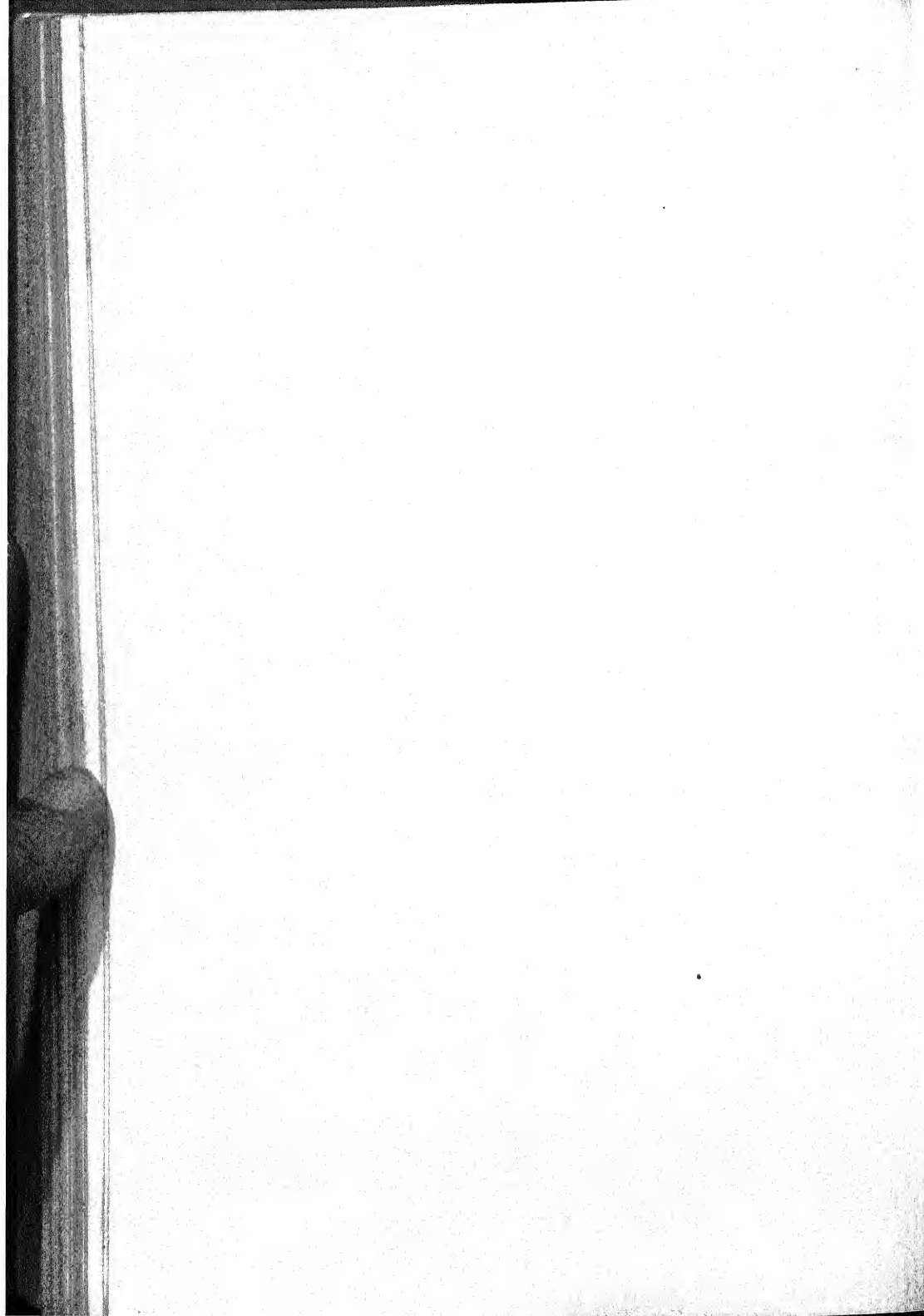


THE Philippine Islands are of particular interest today for three main reasons: their strategic location, their historic nationalist movement, and their experience as a testing ground of United States colonial policy. As part of the southeast Asian region, the Philippines lies on the outer rim of American military strength and influence in the Far East. This was indicated in President Truman's decision, announced on June 27, 1950, to strengthen United States forces in the Islands and to accelerate military aid to the Philippine government, at the same time that American forces were directed to Korea and the Seventh Fleet was sent to Formosan waters.

Nationalism, which has been so powerful a force in Asia since World War II, has long been a factor in Philippine political history. The struggle against Spanish rule at the end of the last century was later turned against the establishment of American sovereignty. During almost half a century as a United States colony, the Filipinos never abandoned their efforts to win independence. The achievement of sovereignty on July 4, 1946, although a necessary prerequisite to political and economic development, was not the hoped-for panacea. Long-standing social and economic problems were yet to be solved. As elsewhere in Asia, discontent with agrarian conditions was spreading, the standard of living was not improving, and hopes for rapid reform were being dissipated. One of the products of the Pacific War in the Philippines was the Hukbalahap, a guerrilla group with a recognized anti-Japanese record. This peasant force, operating under Communist leadership with captured American and Japanese arms, did not disband after the war but continued active resistance against the administration. Renamed the Philippine







People's Liberation Army, its followers now seek not only rural reform but the eventual overthrow of the government.

United States influence has had particular significance in the affairs of this troubled country. The economic policy that the United States developed toward the Philippines during almost half a century of American sovereignty reflected the mixed motives of various United States business and farm groups. Some of these groups desired to extend American trade and investments in Asia, while others were disturbed at what they regarded as a Philippine threat to United States products. The Philippine Trade Act of 1946, which outlined post-independence relations with the United States, sought to compromise among these elements by providing for economic and fiscal ties between the Islands and the United States, along with absolute quota restrictions on certain Philippine exports to this country. In spite of the valuable suggestions of the Joint Philippine-American Finance Commission in 1947, and the large postwar American rehabilitation payments in the Islands, the Philippines could not easily recover from the destruction of the war years and overcome the limitations of its colonial economy, the restrictions of the Trade Act, and the inadequacies of its own administration. As a result, real stability was not achieved, and at the present time the Philippines faces an acute financial and economic crisis.

The United States is deeply committed in Philippine affairs, and seeks an approach toward the Republic which will make an effective contribution to American Far Eastern policy. To this end the recommendations of the Economic Survey Mission to the Philippines, headed by Daniel W. Bell, advocated in October 1950 far-reaching reforms in Philippine industry, agriculture, and social legislation, along with supervised American aid. The job to be done, however, is by no means a simple one, for no economy can be easily reshaped from the outside. In addition to the more obvious economic difficulties, there are political realities to be faced as well. There is a real question as to how far supervised aid can be extended without raising problems in connection with Philippine sovereignty.

Manuel Quezon, first Philippine president, has been widely quoted as saying he would prefer a government run like hell by the Filipinos to one run like heaven by the Americans. But

these are poor alternatives, as the Filipinos have discovered, both before and after independence. While it is unlikely that a foreign-run government could ever appear to be a heaven to its subjects, it is also questionable whether a domestic-run inferno could long satisfy the people. With reference to American policy the late Joseph Ralston Hayden, former vice-governor-general of the Islands, said:

Mankind instinctively feels that any group of seventeen million human beings with common and unique characteristics, inhabiting a definite portion of the earth's surface and united under a single government possesses a *prima facie* right to be treated as a nation.<sup>1</sup>

For the most part, however, it has been foreign wars, military conquests, and trade agreements, as well as the Filipino determination "to be treated as a nation," which have shaped the history of the Philippines and charted its course of development.

The Philippine archipelago consists of over seven thousand islands lying off the southeast coast of Asia, with a total land area of 115,600 square miles. In spite of the large number of islands, both cultivated land area and population are concentrated. The two largest islands are Luzon in the north and Mindanao in the south, with areas of 40,420 square miles and 36,537 square miles respectively. Other important islands include Bohol, Cebu, Leyte, Masbate, Mindoro, Negros, Palawan, Panay, and Samar. These eleven islands contain approximately ninety-four per cent of the total Filipino population, estimated at 19,518,000 in 1950. The principal cities of the Philippines are: Manila, with a population of 1,024,557 in 1948, Cebu, Zamboanga, Davao, and Iloilo. The majority of Filipinos, however, live and work in rural areas and are dependent on a highly specialized agricultural economy.

This island insularity may have contributed to the homogeneity of the Filipino people, who are of Malay origin. In spite of numerous ethnic groups, the population as a whole has a unified character. Inter-marriage, however, has resulted in a wide diffusion of Chinese and Spanish characteristics. More than nine-

<sup>1</sup> Joseph Ralston Hayden: *The Philippines, A Study in National Development* (New York, Macmillan, 1942), p. 3.

tenths of the population is Christian, including about seventy-eight per cent who are Roman Catholics and ten per cent who are affiliated with the Aglipayan Church, an independent denomination. There is also a Moslem or Moro minority, and in the cities there are important foreign communities made up of Spanish, Chinese, and Americans.

The Philippines is rich in natural resources and, under improved conditions of cultivation, could adequately support about three times the present population. Before the war, however, only one fourth of the arable land was in production. At that time the major export crops of the Philippines were sugar, copra, abaca, and tobacco, while rice, corn, and sweet potatoes were produced for domestic consumption. Another important group of prewar exports included valuable minerals such as gold, manganese, and chrome. This emphasis on agriculture and mining was characteristic of the colonial economy of the Philippines, geared as it was to the American market. The potentialities for improved agricultural as well as industrial development are present, however, and await the time when adequate planning and political stability will allow for their full realization.

The Filipinos have faced many setbacks in their struggle for recognition as a nation. For over three centuries Spain ruled the Islands, shaping them to the prototype of Latin American colonial areas, rather than to that of other countries in southeast Asia, where a pattern of non-Christian religious practices, small landholdings, and strong family and village controls was dominant. The major Spanish heritage was the landholding system, a result of the allocation by the Spanish king of large tracts of Philippine land to favored individuals. The pattern then established has been preserved to the present day, with large landholdings and a high proportion of rural tenancy. The crop yield is divided between tenant and landlord, the tenant frequently receiving only thirty to fifty per cent in spite of recent legislation fixing his share at seventy per cent. Thus the Filipino peasant lacks the means for bare subsistence, and rural debt is a constant problem. The Spanish influence also resulted in the establishment of a very influential Catholic Church, in the centralized governmental administration, in the use of the Spanish language by many political and educational leaders, and in substantial Spanish interests in trade, industry, and agriculture.



These factors remain, even though the American conquest of the Philippines brought Spanish control to an end and altered the direction of Philippine development along lines more suitable to American interests.

The history of the Filipino people, however, cannot be explained solely in terms of the policies of the interested foreign governments. Nationalism has been a potent force in Philippine history and has had an important effect on the evolution of both Spanish and United States policy. Philippine opposition to Spanish rule reached its height in the last decade of the nineteenth century, with demands for land reform and independence. Revolution broke out in August 1896, but was not successful, and many Filipino leaders were shot or went into exile.

During the Spanish-American war in 1898, the United States fought Spain in the Philippines and helped some Filipino leaders to return to their homeland. Filipino revolutionaries set up a constitutional republic at Malolos in June 1898, with Aguinaldo as president. It was the claim of Aguinaldo that Admiral Dewey, before the defeat of the Spanish fleet in Manila Bay, had promised Philippine sovereignty in return for Filipino co-operation against Spain, but the Admiral denied this. When Spain was finally defeated the Filipinos did not achieve the independence they sought. Instead they found United States control substituted for Spanish rule.

The Filipinos unsuccessfully opposed the American occupation. Despite their protests, Washington decided to annex the Islands, and under Article III of the Treaty of Paris Spain ceded the Philippines to the United States. The Treaty also included a provision whereby the United States agreed to pay twenty million dollars to Spain, and to allow Spanish ships and goods to enter the Islands for a ten-year period, on a basis of equality with American ships and goods. In spite of revolution and sacrifice, the Philippines remained a colony.

There was a mixed reception in America to the acquisition of the Philippines. Some individuals and groups favored the expansionist policy, but others, including Mark Twain, practically labeled it "un-American." In commenting on the Philippine campaign Twain wrote:

What we wanted in the interest of Progress and Civilization was the Archipelago, unencumbered by patriots struggling for independence; and War was what we needed. . . .

With our Treaty ratified, Manila subdued . . . we had no further use for Aguinaldo and the owners of the Archipelago. We forced a war and we have been hunting America's guest and ally through the woods and swamps ever since.

Twain suggested that there had been an alternative that he considered more in line with American principles:

Dewey could have gone about his affairs elsewhere and left the competent Filipino army to starve out the little Spanish garrison and send it home, and the Filipino citizens to set up the form of government they might prefer and deal with the friars and their doubtful acquisitions according to Filipino ideas of fairness and justice—ideas which have since been tested and found to be of as high an order as any that prevail in Europe or America.<sup>2</sup>

But Philippine affairs were to become American affairs, as the predominant concept of the role of the United States in the Pacific began to change. President McKinley expressed the official point of view when, in commenting on the Philippine campaign, he said that the United States had taken up arms against Spain in "the fulfillment of high public and moral obligations." But he added: "Incidental to our tenure in the Philippines is the commercial opportunity to which American statesmanship cannot be indifferent."<sup>3</sup>

Following an initial period of military occupation, the Philippines was administered by a United States civil governor-general, but remained under the authority of the War Department. Improvements were initiated in sanitation and education, particularly in the cities, and a Legislative Assembly was estab-

<sup>2</sup> Mark Twain: "To a Person Sitting in Darkness," *Europe and Elsewhere*, from *The Portable Mark Twain* (New York, Viking Press, 1946), pp. 594-613.

<sup>3</sup> *Papers Relating to the Foreign Relations of the United States* (Washington, D.C., U.S. Department of State, 1898), p. 907.

lished in 1907. In the Jones Act, passed in 1916 during the Wilson administration, the Philippines were promised ultimate independence. The Act declared that the United States intended to withdraw its sovereignty from the Islands when a stable government had been established. This statement, which was in keeping with the position of the Democratic party, was accompanied by an accelerated policy of "Filipinization" of the administration in the Islands. As a result, many civil service and governmental posts were turned over to Filipinos, and local and provincial autonomy progressed. At the same time, however, sweeping veto powers were still held by the American governor-general.

The policy of supporting self-rule was not solely a product of advanced thinking and paternalism in Washington. It also reflected the activity of the Philippine independence movement. Since the establishment of the Legislative Assembly in 1907, the Nacionalista party in the Philippines had campaigned actively for Philippine sovereignty. This single issue overshadowed other matters that might have caused domestic dissension and allowed opposition parties to develop; for regardless of differences in outlook or position, few Filipinos were willing to forego the demand for independence.

Many Filipinos understood the consequences of a prolonged colonial status on their future livelihood. For example, in February 1930, at an Independence Congress attended by some two thousand Filipinos, including professional, educational, labor, government, religious, and student leaders, the delegates resolved:

The uncertainty of our future political status hampers the economic development of the country. Our present trade relations with the United States are not conducive to the economic independence of the Philippines, and whatever may be the temporary advantages of such relations, we are willing to forego them for the sake of freedom. . . . The longer we remain under America, the harder will it be for us to be freed from our political and economic dependence on her. . . .

. . . the genius and potentialities of the Filipino people

can only be developed in an atmosphere of freedom unrestrained by foreign rule.<sup>4</sup>

The particular issue that most troubled Filipino patriots at the time was the growing economic dependence on the United States. Because of its status as an American colony Philippine products entered the United States free of duty, and manufactured goods from America found their way to Philippine markets, without tariff charges. Philippine trade activity concentrated on the American market and, as a result, production became increasingly specialized in certain agricultural crops. Over the years from 1880 to 1908 the United States had accounted for an annual average of about twenty-three per cent of Philippine foreign trade; for the period from 1936 to 1940 the annual average was seventy-three per cent. Philippine exports included such items as sugar, abaca, copra, and tobacco, with a small amount of consumer goods such as pearl buttons. Mineral products, particularly gold, were also important. Total trade grew steadily, stimulated by the large American market, and merchandising and marketing facilities in the Islands expanded. Transportation was extended; health, sanitation, and educational institutions were developed; cities were modernized; and a new group of wealthy Filipino businessmen arose as a result of the growth of foreign trade. But for Filipinos dependent on agriculture (over seventy per cent of the population) there was little improvement in conditions. In fact, tenancy grew: while at the beginning of the century about eighty per cent of Philippine farms were operated by owners, the figure had dropped to forty-nine per cent by 1939.

The extent to which Philippine affairs were shaped by outside factors can be seen in the events leading to the establishment of the sovereign Republic. American motives in the debate on Philippine independence in the early thirties were mixed. Strong anticolonial as well as isolationist feelings had been expressed in the United States from the very beginning of the Philippine conquest. But the greatest pressure for severing the

<sup>4</sup>Maximo M. Kalaw: "The Philippine Question—An Analysis," pp. 15–16, reprinted from *The Philippine Social Science Review*, Manila, Vol. III, No. 4, September 1931.

tie with the Islands came from American farm groups (including dairy producers and firms with interests in Cuban and Puerto Rican sugar), which felt that protection of American products through quotas and tariffs on Philippine exports would support prices in this country. The depression in the United States resulted in widespread unemployment, and American labor organizations, in addition to holding no brief for territorial expansion, also desired to protect their members from the competition they feared would be caused by the further unrestricted entry of low-cost "foreign labor."

The Hare-Hawes-Cutting Act, passed by Congress in January 1933, provided for Philippine independence, but it had a stormy political reception that led to its disavowal by both American and Filipino leaders. In the United States the measure was vetoed by President Hoover and repassed by Congress over the veto. In the Philippines Manuel Quezon raised strong objections to the Act, particularly to the provision for retention of American military and naval bases in the islands. The Act became a cause of political dissension, with Quezon on one side and Manuel Roxas and Sergio Osmena, who had worked for passage of the legislation, on the other. The Philippine legislature, however, supported Quezon, and the Hare-Hawes-Cutting Act was rejected. Subsequently Quezon headed a mission to the United States, where he encouraged passage of the Tydings-McDuffie Act, known as the Philippine Independence Act of 1934. This measure closely resembled the earlier legislation, except that the new Act provided for withdrawal of American military establishments after sovereignty had been achieved. It was accepted by Quezon partly because it appeared to be the best bargain that could be driven and partly because of the promise implicit in the message of the newly inaugurated President Franklin D. Roosevelt, to Congress on March 2, 1934. Roosevelt said of the Tydings-McDuffie Act:

Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples.<sup>5</sup>

The Tydings-McDuffie Act defined the economic relations between the United States and the Philippine Islands for the

<sup>5</sup> *U.S. Congressional Record*, Vol. 78, Part 4, p. 3580.



duration of American sovereignty, and also prescribed certain interim steps on the way to full independence for the Philippines. Free trade was to continue during 1935-40, but the quantities of products which were duty-free were restricted. Philippine exports to the United States in excess of 850,000 long tons of sugar, 200,000 tons of coconut oil, and three million pounds of cordage annually were to be subject to full duties. United States products entering the Philippines, on the other hand, were all to be duty-free. During 1941-6 Philippine products under preferential treatment were to be subject to an export tax starting at five per cent and increasing by five per cent annually until a level of twenty-five per cent was reached in 1946. After independence, which was to be achieved on July 4, 1946, full United States tariffs were to be paid. In the meantime tariff revenues before independence could be used to liquidate the bonded indebtedness of the Commonwealth.

These quota arrangements were later altered in other legislation. The major revision was the substitution of annually declining duty-free quotas in place of annually rising Philippine export taxes for coconut oil, cigars, pearl buttons, and certain tobacco products for the 1941-6 period. However, the main content of the Independence Act remained unchanged.

To most Filipinos the political provisions of the legislation were of more immediate concern than the long-range economic arrangements. The Act inaugurated a "Commonwealth" period for the Islands' government, and provided for the election of Filipino delegates to a Constitutional Convention that would draft a basic law for the future Republic. The resulting constitution, which was closely modeled on that of the United States, was approved by President Roosevelt and ratified by the Philippine electorate in 1935. This began the direct political transition from colony to sovereign state.

Originally the Philippine constitution established a unicameral legislature and six-year terms for both president and vice-president. In 1940, however, it was amended to provide for a bicameral legislature and four-year terms for the chief executives. The division of power and the legislative set-up of the Philippine government resembles that of the United States, except that there is a centralized rather than a federal form of government.

The President holds executive power, including various veto powers, control of the budget, and supervision over local government. Legislative authority is vested in a Congress, chosen by popular vote. The Congress consists of a Senate of twenty-four members elected at large for six-year terms and a House of Representatives composed of not more than 120 members, elected according to districts in the provinces. Judicial power is held by the supreme court and by lower courts. Included in the constitution is a Bill of Rights, providing for freedom of religion, speech, press, and other rights. At the time of adoption of the constitution, suffrage was exercised by literate male citizens of the Philippines who were twenty-one years of age or over. A plebiscite was to be held among the women to determine their interest in voting, and the women of the Philippines enfranchised themselves by an overwhelming majority. Voting, for both men and women, is limited to nationals who can read and write. This provision severely restricts the franchise, since only about half the adult population is literate.

By the mid-1930's the Commonwealth of the Philippines had inaugurated its constitution and established its governmental apparatus. From the time of the first Philippine Assembly in 1907 decisions on domestic affairs under Filipino control were dominated by the Nacionalista party (*Partido Nacionalista*), whose influence also extended to all provincial and municipal bodies. Issues raised in the discussion of the Hare-Hawes-Cutting Act in 1933 had split the party into the *Pros*, led by Osmena and Roxas, and the *Antis*, the dominant group under Quezon. But the opponents were soon reconciled, and in 1937 a coalition meeting resulted in a fusion of the two wings. Once again the Philippines had one-party Nacionalista rule.

Quezon's influence was felt in every area of Philippine politics, and was exerted not only through the organs of the central government and the local officials, but also through the strongly entrenched party apparatus and the party's caucus sessions. In the elections of 1938 Nacionalistas won in every one of the ninety-eight Assembly constituencies; and only five of the successful Nacionalista candidates ran in opposition to official party nominees. By 1940 minority groups had made some headway, one of the major gains being in Pampanga (Central Luzon), where the Socialist party, led by Pedro Abad Santos, elected mayors in

eight of the twenty-one towns of the province. In November 1941 the power of the Nacionalista party was again shown with the re-election of Quezon as president, Osmena as vice-president, and an all-Nacionalista senate of twenty-four members, with ninety-five out of ninety-eight seats in the lower house going to Nacionalistas. Of the three million registered voters in the Philippines, however, only 1,700,000 went to the polls.

A good part of the strength of the Nacionalista party had come from its emphasis on Philippine independence, and the inauguration of the Commonwealth government in 1935 was regarded as a halfway mark on the road to sovereignty. But Filipino leaders, particularly President Quezon, were also aware of the need to develop the economy of the Philippines as a sound foundation for future independence. This was not an easy task, since the Philippines was predominantly an agricultural country producing raw materials for the American market. In 1939 agricultural products accounted for about four fifths of total Philippine exports, but it seemed inevitable that when the free trade advantage diminished under the Independence Act, the American market for Philippine exports would shrink. On the other hand, the Philippine dependence on imported manufactured goods would decrease only if the country became more self-sufficient and added to its industrial capacity. Industrial production accounted only for about 14.5 per cent of Philippine national income in 1939, and the existing modern plant was confined mainly to the processing of raw materials or to other operations related to the major export commodities.

Although a good part of the industry of the Philippines was foreign-controlled, total foreign investments in the islands did not reach a very high figure. The United States Tariff Commission estimated that American investments in 1935 were about two hundred million dollars, of which thirty-six million was in bonds, including securities of political and religious entities, and the rest in direct industrial investment. Prewar American investments represented approximately sixty per cent of total foreign investment in the Islands. Different fields of operation attracted the nationals of different countries: gold, iron ore, chromite production and public utilities were controlled largely by American capital; sugar production and processing involved significant American and Spanish investments; coconut production had

absorbed American and British capital. The tobacco industry was dominated by Spanish capital, and Spanish and American firms invested in cordage. About half of the Japanese capital was in abaca. Chinese capital was invested in timber, and in lumber production, and the growing Chinese community was of particular importance in retail trade. Chinese held about thirty-seven per cent of the capital invested in retail stores before the war, and the enterprises in which they had interests took in over half the total retail gross receipts. This situation led to sharp competition between Filipino and Chinese tradesmen, and stimulated Philippine attempts to control strictly the immigration of Chinese and even to limit alien participation in retail trade.

Before the war, in preparation for the time when trade preferences would cease, Filipinos sought to increase and diversify production. They found, however, that much of the foreign capital was tied to the old export industries and was not ready to venture into new industrial projects. A need developed for government initiative and enterprise, to begin the construction of an industrial economy. The foundation for such a policy had been laid during the Wilson administration, when the government of the Islands had become involved in banking, rail, and other enterprises. This activity was given legislative sanction in the Philippine constitution, which stated in Article XII, Section 6:

The State may, in the interest of national welfare and defense, establish and operate industries and means of transportation and communication, and, upon payment of just compensation, transfer to public ownership utilities and other private enterprises to be operated by the Government.<sup>6</sup>

An attempt was made to implement this provision through the activities of the Philippine National Development Company, a public corporation set up as an agency of the government. Over the years subsidiaries were also established, including the National Food Products Corporation, the National Rice and Corn Corporation, the National Warehousing Corporation, the National Footwear Corporation, the Cebu Portland Cement

<sup>6</sup> Constitution of the Philippines. See text in Hayden: *The Philippines*, p. 839.

Company, the Insular Sugar Refining Company, and the Rural Progress Administration. The National Development Company also engaged in textile manufacturing and experimental farming. Other government agencies have included the National Abaca and Other Fibers Corporation, set up to aid in stabilizing prices; the National Coconut Corporation, for research and price stabilization; the National Tobacco Corporation; the National Power Corporation; the Manila Railroad; the National Land Settlement Administration; and the National Cooperatives Administration. Real industrial development, however, had not gone much beyond the blueprint stage before the war in the Pacific brought all plans to an abrupt halt in 1941.

Industrial development could only be realized if living standards were also raised so that an internal market would be developed. To this end President Quezon had promulgated a "Social Justice" program, patterned on the "New Deal" in the United States and on the social reform program of the Mexican government under President Cardenas. The "Social Justice" program was part of the long-range attempt to develop the economy; but it placed special emphasis on the condition of rural and urban workers, and on social and labor legislation. The Quezon regime secured the passage of a Collective Bargaining Law and an Eight Hour Labor Law, and established a National Social Security Administration, a Court of Industrial Relations, an Agricultural and Industrial Bank, and a National Resettlement Project Administration.

In spite of these new agencies there was little real improvement in wages or living conditions. In 1939 the average daily wage of the Filipino industrial worker was forty-five cents. A survey the following year estimated that the average farm worker was paid about twenty-five cents a day. The low wages were particularly apparent in the salaries of women, who in 1939 comprised twenty-one per cent of the gainfully employed population. Forty-three per cent of the women were engaged in the lowest-paid occupation—agriculture—and women in industry were paid at lower rates than men. Average wages for women in the cigar, pottery, and candy factories and in rice mills were as low as four to seven dollars a month.

Where individual wages were so low, it was necessary for as many members of a family as possible to work. The inci-



dence of child labor was high, and was in turn reflected in figures for school registration. In 1938, for example, eighty per cent of pupils in the public schools were in the first four grades. It was reported that, on the average, over fifty per cent of the children entering school left before completing the fourth grade.

Thus the Philippines before the war had to cope with many problems. Economically the country was seeking to emerge from its colonial status and to shift its economy from being primarily a producer of raw materials and an importer of consumer goods. Politically the dominant party in the Philippines had made an effective stand for political sovereignty, but widespread illiteracy, low standards of living, an underdeveloped economy, and political "bossism" had all retarded the growth of a truly representative system at home. Socially the country could not ignore the major domestic problems of housing, schools, sanitation, wages, and general living conditions. With these major issues few people suspected that the next four years would be spent mainly on quite a different problem—the fight against Japan.

On December 8, 1941, only a few hours after the attack at Pearl Harbor, the Japanese hit hard at the Philippines. The Islands could not be held against the overwhelming air, sea, and land attack, but the defense of the Bataan Peninsula and the fortress of Corregidor served to delay enemy action elsewhere in the Pacific. For political reasons it was decided that the top leaders of the Philippine government should leave the battle areas, and President Quezon, Vice-President Osmena, and others of the official family were taken to the United States. Here they organized a government-in-exile with headquarters in Washington, which served during the war as a reminder of Philippine resistance and as a legal representative of the Commonwealth in international affairs. The Philippines was among the founding members of the United Nations and was also represented in the Pacific War Council and in other wartime international bodies.

Under Japanese occupation most Filipinos suffered harsh restrictions on their way of life and standards of living, as well as rigid political regimentation. A sizeable number of Filipinos joined resistance forces that sabotaged Japanese activities and installations and often engaged Japanese armed forces, particularly in the rural areas. A few Filipinos, mainly from among those in official positions, were able to live comfortably under

the occupation by collaborating with the Japanese. Among the well-known figures who held high posts in the puppet regime were Jose Laurel, its president, and Manuel Roxas, who was later vouched for by General Douglas MacArthur, and was elected president of the Republic. The question of collaboration was to become an important issue in postwar Philippine politics.

Another wartime development that has had serious postwar implications was the organization of an armed resistance group, the Hukbalahap (People's Army against the Japanese). This anti-Japanese movement, with headquarters in central Luzon, was based on a coalition of several prewar left-wing groups, including the United Front of Socialists and Communists, labor organizations, and the Civil Liberties Union. While its immediate goal was the defeat of Japan, it also initiated agrarian reforms and set up self-governing units in the areas under its control. Among the leaders were Pedro Abad Santos, head of the prewar Socialist party, Dr. Vicente Lava, scientist, and labor leader Luis Taruc, who later declared himself to be a Communist. The core of the Huk movement was a well organized guerrilla army, supplemented with large peasant reserves. The Huks were commended by American officers early in the liberation as an excellent fighting force, but their bitter anticollaborationist stand, their militant demands for social and agrarian reform, and their refusal to disarm after the war caused them to be regarded as "Reds," "bandits," and "outlaws" by both United States Army officials and Philippine government administrators.

The widely quoted prophecy of General MacArthur, "I shall return," was fulfilled in October 1944, when American forces landed at Leyte. Accompanying them was Sergio Osmena, who had succeeded to the presidency of the Philippines upon the death of Manuel Quezon in August 1944 in the United States. The Philippine government received full authority for civil administration in February 1945. Many important decisions on policy matters, however, were still within the province of the United States Army forces in the area.

As soon as the Japanese had been ejected from the Philippines, the problems of liberation quickly gave way to those of relief, rehabilitation, and reconstruction. The Philippines had suffered greatly from the war; in fact a United States Congressional investigation called the country one of the most utterly devas-

tated of all the war-ravaged areas of the world. This destruction had taken place in three phases: the initial fighting; the occupation period, marked by neglect and sabotage; and the bitter battle to eject the Japanese. After investigating the situation in June 1945, the United States War Damage Corporation, set up under the Reconstruction Finance Corporation, estimated the total loss to private, public, and Church properties at approximately eight hundred million dollars, and declared that the city of Manila had been about fifty per cent destroyed. But property damage was not the only or the most important cost of the war; the hard years of occupation and the wholesale destruction had taken a heavy toll in lives, health, morale, and facilities even for subsistence living. The Philippine government tried to cope with these needs on a day-to-day basis. But the major decisions on future plans awaited American legislation clarifying the extent of postwar aid and the nature of the economic relations between the United States and the Philippines.

The Philippine Rehabilitation Act, introduced in the United States Congress in 1945 and finally approved on April 30, 1946, provided for the establishment of a Philippine War Damage Commission of three members (including one Filipino) appointed by the President of the United States. The Commission was authorized to grant compensation for losses incurred in the Philippines as a result of enemy attack, guerrilla activity undertaken at the request of the United States, American actions in opposing the enemy, and disorder accompanying the collapse of civil authority, between December 7, 1941 and October 1, 1947.

There was much Congressional debate concerning the total amount that should be authorized for Philippine war damage payments. The sum of four hundred million dollars was finally allocated for private claims, to cover full payment of claims up to five hundred dollars and a percentage payment on larger claims. In addition, \$120,000,000 was authorized for various Philippine government agencies, to restore and improve public property and essential services, and five million dollars for the restoration of United States government property in the islands. To aid the Philippines in reconstruction, United States surplus property ranging up to one hundred million dollars (procurement value) was to be transferred to the Commonwealth government without compensation.

The rehabilitation measure was on the whole a liberal proposal to compensate individuals and corporations for war damage. One limitation, however, was a clause (Section 601) which stated that no payments over five hundred dollars would be made until the conclusion between the president of the United States and the president of the Philippines of an executive agreement, which would depend on Philippine acceptance of American legislation concerning future trade relations between the two countries. To obtain rehabilitation payments, including those to its own government, the Philippines were thus required to accept the controversial Philippine Trade Act, which was debated in Congress concurrently with the rehabilitation measure. The linking of rehabilitation with trade seemed to give the Filipinos little choice but to agree to certain onerous terms of the Trade Act in order to obtain American help.

The Philippine Trade Act, originally introduced into Congress in October 1945 by Congressman Bell, went through five versions and seven months of discussion and debate. The legislation that was finally approved on April 30, 1946 was very different from the original Bell Bill. The Act sought to compromise among, and satisfy, various American interests, including farm groups, industrialists, and old and prospective investors. As for Filipino business, the Act protected established agricultural producers in such fields as sugar, abaca and copra. Many Filipinos expressed dissatisfaction with one or another provision of the Act, but the leaders of the Philippine government supported the measure primarily on the basis of expediency. Brigadier General Carlos P. Romulo, then resident commissioner of the Philippines, commented at the hearings: "If we cannot have perfection, then let us at least have action."<sup>7</sup> The time allowed the Philippines for discussion was short: the Act was approved by Congress only two months and four days before the date for the establishment of the new Republic. With rehabilitation payments and perhaps even the timetable for independence hanging in the balance, the Philippine government found no alternative to acceptance of the legislation. But opposition from many Filipino businessmen, intellectuals, and labor leaders to sections

<sup>7</sup> Philippine Trade Act of 1946, Hearings before the Committee on Finance, United States Senate, 79th Congress, 2nd Session (Washington, D.C., Government Printing Office, 1946), p. 141.

of the Trade Act has not diminished, and the measure remains to this day a controversial factor in American-Philippine relations.

The substance of the Philippine Trade Act deals with these topics: duties, quotas, quota allocation, taxes, parity rights, financial ties, and implementation procedures. Provision is made for reciprocal free trade between the United States and the Philippines until July 3, 1954; for a five per cent duty from then until December 31, 1954; and for an annual five per cent increment in duty from the latter date through 1972. From January 1, 1973 to July 3, 1974, full duties are to be paid.

The quantities of seven categories of Philippine exports (sugar, cordage, rice, cigars, tobacco, coconut oil, and buttons of pearl and shell) which can enter the United States under these preferential arrangements are limited by quotas under the Act, the last four categories being subject to decreasing duty-free amounts rather than to increasing duties. In addition to setting specified quotas, the Act states that whenever the President of the United States finds that any additional Philippine article is coming or is "likely to come" into substantial competition with a similar American product, a quota can be placed on entry of the Philippine commodity. On the other hand no restrictions are placed on American goods entering the Philippine market. One effect of this might be to restrict diversification of Philippine products, since Philippine producers might hesitate to develop new export products whose status in the American market was uncertain.

The plan for allocation of each of the commodities under quotas involved a further restrictive procedure. Annual quotas were to be granted to producers and manufacturers operating in 1940, on the basis of their activities in that year. This would tend to restore to prominence the few firms that had dominated prewar Philippine production. For example, three cordage firms would receive almost the entire cordage allowance, three tobacco companies had accounted for about ninety per cent of the prewar tobacco exports, three shell button factories in Manila had shared prewar production, and there were two major coconut-oil mills.

The provision of the Trade Act that aroused the most controversy, however, was the section stating that Americans were



to have equal rights with Filipinos in business and in the use of natural resources. The Philippines, like most underdeveloped countries, was deeply concerned about matters of national sovereignty and control of natural resources. Its representatives felt strongly that basic development should remain in the hands of Filipino nationals and, as a result, they wrote into the Philippine constitution the following clause:

All agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, and other natural resources of the Philippines belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philippines, or to corporations or associations at least 60 *per centum* of the capital of which is owned by such citizens, subject to any existing right, grant, lease, or concession at the time of the inauguration of the Government established under this Constitution.<sup>8</sup>

This provision, approved at the time by the United States, safeguarded existing American interests but limited future investment. In 1946, however, when the Trade Act was under consideration, certain American business groups took the position that future as well as past investments must be open to United States nationals on the same basis as to Filipino citizens. As a result, the Trade Act of 1946 included the following paragraph:

The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by United States citizens.<sup>9</sup>

This clause, the so-called "parity" or "equal rights" provision, made it necessary to amend the Philippine constitution. The

<sup>8</sup> Constitution of the Philippines, Article XII, Section 1. See *Hayden: The Philippines*, p. 838.

<sup>9</sup> Philippine Trade Act of 1946, Public Law 371, 79th Congress, 2nd Session (Washington, D.C., Government Printing Office, 1946), p. 12.

amending process called for a nationwide referendum, and "parity" became a major issue in domestic Philippine politics.

One more provision in the Trade Act should be noted: the fixed tie between the peso and the dollar. The Philippine peso was worth US \$0.50, and the Trade Act provided that this ratio be maintained. Free convertibility of pesos into dollars was not to be suspended, and no restriction was to be imposed on the transfer of funds from the Philippines to the United States. These two provisions could be set aside only with the approval of the President of the United States.

From the Philippine viewpoint, postwar American legislation on economic relations included some generous provisions and others that were restrictive. Substantial rehabilitation payments had been provided, but these would be available only if the Trade Act were accepted. The Trade Act allowed for a lengthy weaning period for Philippine products in the American market, but imposed restrictive provisions with regard to quotas, finance, and investments. These might hamper Philippine economic development and would certainly create internal dissension because of the need to amend the Philippine constitution. After lengthy debate, the Trade Act was accepted by the Filipinos for two main reasons: they wished to obtain the maximum amount of immediate benefits through rehabilitation grants, and they were willing to implement compromise legislation that would not delay the date of Philippine independence.

Philippine economic and political life after the liberation reflected both the upheavals of the war and occupation period, and concern for the difficult years ahead. Quezon's successor, Sergio Osmena, lacked the vigor and strength needed in a chief executive at that crucial time. Returning members of the government-in-exile noted many changes in the domestic Philippine scene. Four years of occupation had provided many opportunities for politicians like Manuel Roxas, who had stayed in the Islands, to gain followers and win power. The presence of an armed resistance group, the Hukbalahap, the insistent problem of what to do about collaboration, and the need to define future relations with the United States, all presented new and challenging issues. Old party loyalties that had developed around the demand for independence could no longer provide enough substance for a political campaign.

Osmena was overshadowed in the public arena by the energetic and ambitious Roxas who, in spite of having served in high official posts in the Japanese-controlled puppet government, was vouched for by General Douglas MacArthur on the ground that he had supplied the General with valuable intelligence information. In January 1946 Roxas and his supporters seceded from the Nacionalista party and formed the new Liberal party, which nominated Roxas for president and Elpidio Quirino for vice-president. Osmena, who ran for re-election on the old Nacionalista ticket, was also supported by a new coalition called the Democratic Alliance, including representatives of the Hukbalahap, the National Peasant Union, the Committee of Labor Organizations, and other groups. In contrast to Osmena, who did not actively seek votes, Roxas conducted a whirlwind campaign attacking "chaos, corruption, and Communists" and making extensive pre-election promises. He was elected on April 23, 1946, polling 1,333,392 votes to 1,129,996 for Osmena. Thirteen Liberals and eleven Nacionalistas were elected to the Senate; sixty Liberals, thirty-one Nacionalistas, and seven members of the Democratic Alliance were elected to the House.

The new Roxas government was in power on July 4, 1946, when an independent Philippine Republic was established. But sovereignty did not solve all outstanding Philippine problems, just as the April election had not settled the question of Congressional representation. The first session of the Philippine Congress refused to seat ten minority representatives, including seven members of the Democratic Alliance in the House and three Nacionalista senators. The official basis for this action was a report of the Commission of Elections which said that voting in the disputed districts did not reflect the true popular will. On the other hand, the question of wartime collaboration was decided by the House, when it held that indictment for treason was not sufficient ground to deprive a member of his seat. The battle that raged over the unseated congressmen was not merely a matter of personalities or even party politics. On certain types of legislation, such as the proposal of constitutional amendments, the Philippine constitution requires approval by a vote of three fourths of all members of the National Assembly, or by a specially called constitutional conven-

tion. The Trade Act was approved by the required percentage of congressmen seated, but had the full number elected been sitting, the measure might have been defeated.

Both the Nacionalista party and the Democratic Alliance opposed parity, as did many Filipino businessmen, civic leaders, and others. However, there appeared to be few alternatives. Rehabilitation depended on acceptance of the Trade Act, and many Filipinos felt that all future agreements with the United States would be imperiled if parity was rejected. The plebiscite on changing the constitution to allow for parity took place on March 11, 1947, and the necessary amendment was approved by a vote of almost eight to one. It must be noted, however, that only about forty per cent of the electorate went to the polls.

A few days after the plebiscite, the Philippine and United States governments concluded extensive military agreements, including a ninety-nine-year American lease on a number of bases. Under the terms of this agreement, signed on March 14, 1947, the United States was granted use of a series of army, navy, and air bases, with the right to use others if necessary. The following week it was agreed that a U.S. Military Advisory Group should be established in the islands to aid and advise the Philippine forces.

With sovereignty achieved, and parity approved, a major chapter of United States-Philippines negotiations came to an end. Now the Filipinos had to cope with urgent domestic economic and political problems. In industry, mining, tobacco, and sugar, production in the first two postwar years was negligible. On the other hand, copra and abaca production recovered very quickly, encouraged by the high market prices for these commodities, resulting from world shortages.

Production and trade figures for the Philippines in 1947 indicate a lopsided economic picture. Imports amounted to over one billion pesos (nearly three-and-one-half times the value of imports at their prewar peak), with about eight-five per cent of the total coming from the United States. Imports were about twice as large as exports, which amounted to ₱531,000,000. Copra exports alone accounted for ₱354,000,000, and coconut products and abaca formed over ninety per cent of the value of all exports. There was, in short, an unnatural dependence on

two products, as well as an overwhelmingly unfavorable balance of trade.

Both before and directly after the war the Philippines had a stable, conservative monetary system. Substantial Philippine assets had been held in the United States during the occupation, and these were made available to the reconstituted Philippine government. The enormous Philippine trade deficits of the post-war years, however, were met chiefly through large American expenditures in the Islands for rehabilitation, military supplies, and other purposes.

The Philippines, although suffering greatly from war damage, had a unique opportunity after the war to lay the foundation for a sound economy. Not only did the sources just mentioned provide large amounts of foreign exchange, but inflated copra prices also brought a speedy revival of the export trade. The problem was not a lack of funds, but a lack of controls and poor planning in the use of money. A high percentage of capital, for example, went into the "boom" fields of building, merchandising, and entertainment, and little was used for productive enterprise. Much foreign exchange was dissipated on luxury imports such as cigarettes and expensive motor cars, while imports of machinery were relatively low. The absence of import or exchange controls in the early postwar years, the failure to revive industry, and the heavy reliance on imported consumer goods all had adverse effects on the Philippine exchequer. Foreign exchange was used to import such commodities as food, textiles, and tobacco, more of which could have been produced in the Islands. This emphasis on imports rather than manufacturing contributed to the rise in unemployment.

One attempt to help solve the fiscal and budgetary problems of the new Republic was the work of a Joint Philippine-American Finance Commission, which was sent to the islands in 1947 to make a detailed survey of the national economy. The Commission pointed out that the excessive flow of American dollars to the Philippines had made available enough foreign exchange to pay for about double the amount of goods and services that could be earned by Philippine exports alone. But it also noted that to use these assets for the national welfare would take careful planning. The Joint Commission therefore recom-



mended a strengthening of taxation rules and tax collection procedures. It maintained that the Philippine fiscal set-up was an "unsuitable permanent system for an independent Philippines," since it was based on a hundred per cent reserve to support the peso and free convertibility of pesos into dollars. The Commission proposed the establishment of a Philippine Central Bank, to assume responsibility for a managed monetary system. Limiting of nonessential imports was also suggested, along with procedures for licensing imports.

The proposals of the Joint Finance Commission were all positively designed to help the Filipinos reach economic sovereignty, and the Republic took many of the suggested steps, including the creation of a Central Bank and the imposition of import controls. But fiscal problems were only a reflection of other more basic needs.

Important difficulties arose from the need for agrarian reform. To seek a way out of their poverty and desperate conditions, a section of the Filipino peasantry had supported the Hukbalahap, particularly in central Luzon. After an attempt in July 1946 to negotiate with the Huks, the Roxas government launched a major campaign against them. Roxas demanded surrender of all Huk arms, but the Huks insisted that they must keep their guns to defend themselves against atrocities committed by private landlord armies and by the government's constabulary. Roxas, in turn, charged that the Huks and the National Peasant Union were Communist organizations and outlawed them both in March 1948.

The sudden death of Roxas on April 15, 1948 caused an initial shift in political strategy. The new president, Elpidio Quirino, sought to unify various forces behind his administration. Under a temporary truce agreement, Luis Taruc, Huk leader, came to Manila and was admitted to his elected seat in the House of Representatives. In the meantime an amnesty for all Huk followers was proclaimed on June 21. The Huks were to "present themselves with all their arms and ammunition" and to be forgiven for all except criminal acts. There was a negligible response to the amnesty among the Huk forces, however, and controversy soon developed over whether arms were to be surrendered, as the government demanded, or merely registered, as the Huks maintained. Sporadic guerrilla warfare was re-

sumed, and Taruc returned to his followers, charging that government promises of peasant reform had not been kept, and that certain agreements relating to the abrogation of parity, the removal of United States military forces, and the avoidance of trade with Japan had not been carried out. The government, on the other hand, charged the Huks with bad faith, lack of patience, and opportunism in using the truce period to recoup their strength and build up finances and supplies. During the closing months of 1948 fighting was resumed in five provinces in central Luzon.

The Islands continued to face important difficulties in production and trade. The economic balance sheet for 1948 showed a mixture of trends in business activity. The adverse trade balance had been somewhat reduced, there was a boom in building construction and real-estate sales, sugar production was recovering, high prices for hemp and for copra were maintained, and United States payments increased. On the negative side, investments in domestic corporations fell, retail sales declined due to lack of purchasing power, the stock market fell, and rice supplies were inadequate. Total imports for 1948 were valued at ₱1,136,409,000, compared with ₱1,022,701,000 for 1947; the total value of exports in 1948 was ₱638,410,000, compared with ₱531,097,000 for the previous year. Copra, desiccated coconut, coconut oil, and copra meal or cake together accounted for more than sixty-five per cent of all Philippine exports, whereas before the war they had accounted for less than eight per cent. Production in industry and in other crops, however, was slow in reviving.

This over-all economic picture had direct consequences for the average Filipino. The high cost of living continued; based on 1941 conditions, the cost of living index was 387 for 1947, 364.1 for 1948, and 350.6 for June 1949. Average wages in Manila in 1948 were ₱7.7 a day for skilled workers and ₱4.7 for unskilled workers; but daily real wages, based on the 1941 cost of living, were only ₱2.1 a day for skilled workers and ₱1.3 for unskilled laborers.

As might be expected in this situation, labor disputes increased, numbering 212 in 1948, compared with 93 in 1947. The bulk of them were in lumber yards, sawmills, and transportation, and were usually concerned with wages. The national

labor supply, including all employable persons ten years of age or over, was estimated in 1948 at 8,984,000, of whom 1,486,800 were students. Of the remaining number, 1,229,400 were officially reported as unemployed, constituting a heavy burden on both the people and the economy.

The position of the Filipino peasant, usually a tenant on a big estate owned by an absentee landlord, was equally desperate. A tenant on an eight-acre plot of land might receive a total crop income of \$250 a year, with perhaps from thirty to fifty per cent going to the landlord.

The year 1949 was one of economic and political crisis for the Philippines. A severe drop in the prices of export crops reduced the income from foreign trade; the substantial American payments threatened to decline sharply; large amounts of foreign exchange continued to be dissipated in consumer goods expenditures, and the November presidential election was accompanied by violence, fraud, and open revolt against the government.

The year began with a sharp curtailment in the demand for the two big postwar crops, copra and abaca. For the six-month period from January to June 1949, copra shipments were only 239,652 tons, compared with 358,732 tons in 1948 and 464,906 tons in 1947. In addition, copra prices fell from over \$300 a ton in May 1948 to about \$165 a ton in May 1949. Abaca production declined from 365,818 bales in January-June 1948 to 286,105 bales for the same period in 1949, while abaca prices also fell. Because of the dependence of the Philippines on these two crops, the trade position greatly worsened. Although Philippine imports for the first nine months of 1949 dropped by about six per cent due to import controls and to declining purchasing power, exports dropped by about seventeen per cent, leaving the trade balance even more unfavorable than before.

In the three-and-a-half-year period from June 1945 to the end of December 1948, imports exceeded exports by ₱1,666,000,000; but in the single year 1949 the excess of imports, according to provisional data, was ₱609,000,000. Influenced by poor economic prospects and uncertain political conditions, many investors sought to remove their capital to the United States. In spite of continuing large war damage payments, there was a sharp drop in Philippine net foreign-exchange reserves from

\$410,000,000 on January 1, 1949 to \$290,000,000 on October 31, 1949. In a last-minute effort to check the depletion of these resources, the Philippine government inaugurated foreign-exchange control. Through the machinery of the newly established Central Bank of the Philippines, all transactions in gold and foreign exchange were placed under licensing on December 9, 1949. Under the terms of the Philippine Trade Act, such action could be taken only with the consent of the United States, and President Truman approved it as a temporary measure.

The government made a parallel attempt to prevent further deterioration of its financial position by strengthening its import controls. A new Import Control Law, passed on May 18, 1950, provided for percentage cuts ranging from twenty to forty per cent for "prime goods," including meat, jute, and medicines; forty to sixty per cent for "essential" goods, including coffee, cheese, and inexpensive radios and phonographs; sixty to eighty per cent for "nonessential" goods, including paper, tobacco, shoes, rayon, and linen; and from eighty to ninety per cent for "luxury" imports, including certain fresh and canned vegetables, silk, wool fabrics, and liquors. The Import Control Law further provided that thirty per cent of the total import quota for 1950-1, forty per cent for 1951-2, and fifty per cent for 1952-3 shall be reserved for new importers, who must be either Philippine citizens or enterprises that are sixty per cent owned by Philippine nationals. American citizens would also be eligible, however, since the law had to conform to the Executive Agreement between the two countries which forbids any Philippine legislation from discriminating in any manner against citizens of the United States. Although they are qualified to apply as new importers, the Import Control Law is still regarded as discriminatory by established American business in the Islands, on the ground that the reservation of high quotas for new business will cut into the activity of the older firms. New commercial enterprises are likely to be started by Filipinos rather than by Americans, and this represents an indirect move in favor of Philippine nationals.

These controls, while necessary emergency measures to avert further loss of foreign exchange, could not alter the basic conditions of the people. These are revealed by the combined

production index for agriculture, mining and manufacturing in 1949, which was only 91.3 compared with that of 1937, in spite of the twenty-five per cent increase in Filipino population. Although high prices for imported goods reflected American production costs, wages remained low. In May 1949, approximately seventy-eight per cent of the income of the average Filipino family was spent for the survival items of food, shelter, light, and fuel.

In their early months of operations the import controls were very effective both in reducing total amounts of foreign goods coming into the Philippines, and in shifting the character of imports. For the period January-June 1950, total imports dropped more than forty per cent below those for the same months in 1949; in spite of this, capital goods imports rose substantially. However the various indications of a general business recession, already apparent at the end of 1949, were intensified in 1950. Retail sales were forty per cent less than in the previous year, and inventories some forty to fifty per cent less. The price index, which had fallen to 220.5 by December 2, 1949, rose again as a result of commodity shortages to 354.2 in December 1950. Unemployment was increasing in private industry, and government employment had dropped severely due to budgetary difficulties and the abandonment of public works projects. Some of the false prosperity of the immediate postwar years had disappeared, but low production, high prices, and inflationary trends all pointed to the need for the over-all development of industry and agriculture, so that the capacity of the Philippines to produce could begin to measure up to the needs of the Filipinos to consume.

The importance of a program of industrialization and diversification has been recognized in the Philippines for some time. Before the war, such a plan was part of the long-term aspects of the Quezon "Social Justice" scheme. Wartime damage added enormously to the problem, however, and relief and reconstruction had to be coped with before new projects could be undertaken.

An important contribution toward evaluating Philippine resources and potentialities for development was made by Mr. Thomas Hibben of the United States Department of Commerce, who prepared a survey of the subject for the Joint Philippine-



American Finance Commission of 1947. In Hibben's view, an expenditure of ₱2,180,000,000 during a five-year period would be necessary to improve production and reach some degree of self-sufficiency. Included in the expenditures would be ₱1,100,000,000 for transport, ₱175,400,000 for food production, and ₱283,000,000 for industrial development, including the production of iron and steel, chemicals, textiles, shoes, and paper. In addition, he proposed an investment of ₱167,000,000 to rehabilitate and revive the export industries, such as sugar, mining, abaca, and coconut oil. These recommendations, however, were primarily of academic interest, for they were part of a study and not presented as a program for legislative or administrative action.

Seeking to arrive at its own plan for development, the Philippine government engaged the Beyster Corporation of Detroit, Michigan, which prepared a "Proposed Program for Industrial Rehabilitation and Development," published in Manila on June 24, 1947. The Beyster recommendations differed in many respects from the Hibben memorandum. Beyster proposed a ten- to fifteen-year development period, and expenditures of about ₱3,200,000,000, evenly divided between industry and agriculture on the one hand and housing, schools, and public works on the other hand. The program emphasized rehabilitation of prewar production, particularly sugar and mining. Sugar alone was estimated to need ₱270,000,000, and mining over ₱484,000,000. This plan would restore and even underwrite the highly specialized prewar production of a few agricultural export crops; but it would not provide a balanced economy for the Philippines, since it could only help to bring back an already obsolete system. Money was not forthcoming for the Beyster plan, and it was soon discarded.

The program for development finally evolved by the Philippine government followed the recommendations of the Philippine secretary of finance, Miguel Cuaderno. It had three main objectives: domestic production, where possible, of goods formerly imported; the efficient production of Philippine exports to compete in the world market; and the attainment of higher levels of employment and income. To finance the program (comprising not only public development projects but also private enterprises) over the five-year period 1949-53, an investment of

₱1,730,600,000 was proposed. Of this over ₱419,000,000 was for agricultural development and over ₱1,311,000,000 for various industrial projects. The total sum included an estimate of approximately \$441,000,000 for machinery imports, while the peso requirements for locally produced materials were set at ₱848,000,000.

By the beginning of 1950 nine projects involving expenditures of somewhat over ₱84,000,000 had been recommended to the president by the National Economic Council. These included a plan for growing of rice and corn; projects in coconut, abaca, tobacco, and power development; the construction of three ocean-going vessels (in Japan); and the establishment of a shipyard, an airplane overhaul plant, and a small steel plant. Budgetary difficulties as well as administrative problems altered the development plans once more, and a revision of the 1948 plan was submitted by the Philippine Economic Survey Commission in August 1950. This new program, which covered the period up to 1954, proposed a series of industrial, utility and mining projects with an estimated cost of some ₱429,000,000, of which ₱234,000,000 represented the cost of imported equipment and materials.

The problem for the Philippines today is not a lack of schemes for industrialization, but of the means for carrying out existing plans—unified intentions, competent administration, technical personnel, and sufficient funds. In spite of repeated assurances and inducements, private capital has been unwilling to invest to any substantial extent in development of Philippine resources. This is not to say that there has been no new capital invested in Island enterprises; during 1945–9 almost four billion pesos were invested in the Republic. Of the total, however, agriculture, forestry, and fisheries received ₱990,000,000; transport and utilities some ₱909,000,000; public works and construction ₱250,000,000; residential and other nonbusiness construction ₱503,000,000; while commerce and trade accounted for the high figure of ₱1,255,000,000. Some way had to be found to channel investment into basic production and away from the easy returns of quick market turnover.

The Philippine government has participated for many years in the operation of various enterprises of diverse character. But the multiplicity of postwar corporations, the uncertainty of their role in relation to private business, maladministration and

general inefficiency have limited their effectiveness. A report of the Philippine Committee on Reorganization of Government Corporations, submitted on August 18, 1950, proposed reducing the number of such enterprises from twenty-four to sixteen, and abolishing P.R.A.T.R.A. (Philippine Relief and Trade Rehabilitation Administration), which had been criticized for interference in private trade, among other things. These were useful administrative measures. Innumerable reorganizations, however, cannot solve the more basic question of finances. The government can only encourage productive enterprise to the extent that it can back its plans with its own fiscal resources.

Philippine public finance since the end of the war has been marked by emergency measures, improvised to meet varying needs. Budgetary deficits have been large and are growing; the cumulative deficit from February 25, 1945 through June 30, 1949 (the end of the fiscal year, 1949) was ₱290,500,000; by the end of fiscal 1950 it was estimated at ₱461,400,000. The anticipated government budget for the fiscal year 1951 included receipts of some ₱315,600,000, and expenditures of over ₱506,300,000, leaving an estimated deficit of ₱190,700,000.

Prospects for future domestic financing of the government are not bright, particularly in view of the anticipated decline in income, due to the fall in tariff revenue because of import controls. The entire tax system requires drastic overhauling to begin to meet budgetary needs. Direct taxes in the Philippines after the war amounted to only about eighteen per cent of the total tax burden, customs duties to ten per cent, and other taxes (such as excise levies), to seventy-two per cent. Corporations in the Philippines have been taxed at the rate of twelve per cent, compared with an average corporate tax rate of thirty-five per cent for Japan, forty-four for Pakistan, forty for Indonesia, fifty for Burma, and over fifty for India. Furthermore, since Philippine legislation provides that necessary new industries approved by the government may be entirely tax-exempt for a period of four years from their date of organization, even a process of industrial expansion would not speedily increase corporate tax returns.

The lack of public capital for development, and the uncertain state of government finances both contributed to a loss of confidence in the ability of the administration to weather the

economic crisis. This was reflected in disturbed political conditions, which in turn affected recovery adversely. In particular the turbulent election campaign of 1949 and the disturbances that followed were indications of the unstable state of affairs.

The regime of President Quirino has been widely criticized both for inefficiency and for corruption. Early in 1949 Jose Avelino was ousted from his position as president of the Philippine senate on charges of graft in deals involving sale of surplus property. This action was later upheld by the Philippine supreme court. As a result of the split with Quirino, Avelino formed an opposition faction of the Liberal party and entered the November elections as a candidate, running against Quirino, who sought re-election.

The old Nacionalista party, hoping for a strong man who could rally support against the administration, turned to Jose P. Laurel, the former puppet president under the Japanese. Laurel had made an effective bid for Filipino sympathy after the war by emphasizing extreme nationalist sentiments. The collaboration issue did not seem to affect his popularity, partly because there were few candidates or incumbents who did not have some record of collaboration: to condemn one would have meant to condemn almost all.

The campaign for president was waged primarily on personalities, and the differences were concerned mainly with individual charges and countercharges rather than with decisive policy matters. Quirino was well known for his support of the Philippine Trade Act and of a close relationship with the United States. Laurel had criticized American policy in the past, but as the election date approached all three candidates voiced their approval of continuing the Islands' close ties with the United States and expressed their opposition to Communism.

In addition to the presidential post, the vice-president, eight senators, and ninety-eight House members were to be elected. Following the balloting it was announced, after some delay, that President Quirino and Vice-President Fernando Lopez had won by a narrow margin over the Nacionalista ticket of Laurel and his running mate, M.C. Briones. The slate of Jose Avelino and Vicente J. Francisco ran a poor third. In addition to the executive posts, the eight Senate seats were all won by the Quirino

Liberal party, and in the House of Representatives Quirínistas claimed all but thirty-seven seats.

The cold figures, however, are inadequate to express the full significance of the election procedures. One correspondent, writing in the magazine *U.S. News and World Report*, offered the following first hand observation:

Election Day violence killed scores and injured hundreds. The official results, at best, are a dubious expression of public opinion. Armed men seized ballot boxes and kidnapped election officials. Tens of thousands of votes were falsified; the returns from whole districts simply vanished<sup>10</sup>

Another commentator, writing in the *Reader's Digest*, stated:

Every device known to fraudulent elections was used on November 8. Filipinos sadly wisecracked that even the birds and the bees voted in some precincts. In others, ballots were counted on the night before election. The returns from some municipalities exceeded the 1948 population. Citizens in Batangas, not far from Manila, went to the polls that morning to learn that during the night the mayor had transferred their names to the voting lists of distant precincts, some a day's journey away. The people were so enraged that some of them rushed the mayor, killing him in the *melée*. They were joined in an armed insurrection by hundreds of men led by prominent residents, including municipal council members.<sup>11</sup>

The weeks following the election were filled with opposition protests and demonstrations. Former president Sergio Osmena resigned from the Philippine Council of State. In addition to Huk disturbances, a serious armed rebellion took place in Batangas Province, apparently led by Laurel supporters. This revolt was of such proportions that units of the Philippine sea, land, and air forces were called in to restore order. These strong challenges to the legality of the Quirino administration were not easily suppressed, and the disturbed political situation made

<sup>10</sup> *U.S. News and World Report*, Washington, D.C., November 18, 1949.

<sup>11</sup> Blake Clark: "Are the Philippines Going the Way of China?" *Reader's Digest*, New York, June 1950, p. 33.



it even more difficult to implement positive measures to cope with the economic crisis.

Another factor that destroyed confidence was the flow of charges of fraud and dishonesty in administration. Of the numerous scandals reported, three gained the greatest attention. The first was the manner in which over a billion dollars worth of surplus property, with a resale value of two to three hundred million dollars, was disposed of so that only about forty-three million dollars was officially realized by the government. A second scandal was the way in which immigration quotas were allotted: it was charged that the right to enter the Philippines under limited quotas was being sold by congressmen to wealthy Chinese. Indignation was also aroused over the high price (supposedly double the true value) paid by the government for the Buena-vista estates in a large land purchase deal. In addition to major scandals, civil servants as a whole suffered from low pay and rising costs, a situation that was not conducive to honest administration.

Perhaps the healthiest feature of the Philippine political scene is the widespread discussion of public affairs and the frank appraisal of the situation. As General Romulo said in the *Washington Post* of June 16, 1950: "Our government is under constant criticism. That is because our press is free and public opinion untrammelled." Some criticism even comes from within President Quirino's own party. Vice-President Fernando Lopez, for example, a wealthy sugar planter and newspaper publisher, has openly opposed the president on a number of issues. The Philippine senate has refused to confirm some of Quirino's appointments. Senator Lorenzo Tanada has formed a new group, called the Citizens party, with a reform program, but he lacks a strong political machine to back up his efforts. While there appears to be ample evidence both of poor administration and of the popular desire for good government, there does not seem to be an effective middle-of-the-road group ready to step in and assume responsibility within the framework of the present party set-up.

This confused political picture increases the threat to the constituted government offered by the Hukbalahap. The Huk forces, under Communist leadership and backed by a Peasants' Union reported to include over two hundred thousand persons, are conducting an armed insurrection in the provinces, employ-

ing guerrilla tactics. The position of the Huks was stated by Luis Taruc in an exclusive interview obtained in the field by Manuel P. Manahan, Manila publisher of the *Bagong Buhay*, on July 2, 1950. Quoted below are some of Manahan's questions and Taruc's answers:

- Q. What will be the Huks' position in the coming elections?
- A. The Huks will not participate in the coming elections. We can no longer expect clean elections under this government. . . . The armed struggle is being pushed through to take out this government.
- Q. Has there been any support from Russia in the way of arms aid?
- A. The reports printed in the newspaper about submarines bringing in Russian arms is absolutely a lie. We Filipinos can solve our own internal problems by ourselves. We could have crushed Roxas' administration and Quirino's were it not for the support of America. All our arms have been taken during our struggles against the PC [Philippine Constabulary] and the PA [Philippine Army], from the enemy itself.
- Q. What is the extent of the Huk movement throughout the Islands?
- A. Almost all strategic points in the major Islands have been penetrated and the masses are rallying to support the movement.
- Q. What is the possibility of another amnesty? Have you received any feelers?
- A. The word amnesty itself has become like poison to us. . . . We consider amnesty and peace negotiations with the present government out of the question. Regarding peace feelers we have received inquiries from two sources, Avelino and Quirino. . . .
- Q. Is there such a thing as a Huk time table?
- A. There is no such thing as a time table. It is not we who will make the time table, it will be the events happening here internally and in the outside world. . . . The timing of any liberation revolt is not determined by its leaders but rather by the will to fight of the people who are persecuted. . . . However, we expect this to hap-

pen within the next two years, from our own analysis and the movements of the American imperialists.<sup>12</sup>

In addition, Taruc disavowed rumors of "Titoist" sympathies and declared his support of the Philippine Communist party. His bold statement of Huk aims came at a time when the Philippine Army was engaged in an all-out effort to crush Huk resistance. It is difficult to measure the success of the suppression movement, however, since the Huks, who live off the countryside, have apparently used this period of Army opposition to broaden their activity and spread to other islands and areas. While their open activity may subside, it is doubtful if any lasting rural stability can be secured unless far-reaching basic improvements are made in agrarian production and living standards.

Many observers have compared the situation in the Philippines in 1950 with that in China a few years earlier. Harold Isaacs reported from Manila as follows:

The parallel elements [in the Philippines and in China] are unmistakable: maladministration and epidemic corruption; a threat of financial breakdown; widespread loss of confidence not only in the government, but in the whole order of things; growing lawlessness and political thuggery; finally, an armed rebellion in the peasant hinterland under communist leadership.

He went on to state:

Above all, the danger here is not a Russian-Communist conspiracy to snatch the Philippines. It is the danger of the complete failure of those now ruling the Islands to come to grips with its people's problems. This is the nub and the heart of the matter.<sup>13</sup>

How to deal with the "nub and the heart of the matter" within the framework of present Far Eastern developments is of vital concern to United States as well as to Filipino leaders. Reactions to disturbed conditions in the Philippines have ranged all the way from the suggestion of occupation of the Islands by United States troops to a condemnation of Filipino leaders and a wish to avoid any further involvement there.

<sup>12</sup> *Manila Times*, July 5, 1950.

<sup>13</sup> *Washington (D.C.) Post*, June 12, 1950.

One point of view that has been expressed by many American businessmen is that United States capital and "know-how" are the backbone of the Philippine economy, and that if Americans withdraw chaos will result. The greatest need at the moment, according to this point of view, is not for more separation from the United States, but for closer co-operation between the two countries. But the character of the co-operation is the decisive factor. Many of these same arguments were offered at the time of the parity campaign, but equal rights and the presence of an extremely pro-American regime did not lead to the hoped-for large-scale American investments in the Islands. Since the war, American business has been most wary of expanding its Philippine interests, in spite of repeated Philippine assurances of welcome to American capital and of Philippine determination not to allow state enterprise to interfere in any way with private investment.

This situation may seem superficially paradoxical, but it is easily understood. Unable to cope with the basic economic needs of the people, the present Philippine regime faces financial crisis, peasant rebellion, and political opposition. The very instabilities inherent in such a situation would make any businessman hesitate to invest. But it is not that nationalism and social-welfare measures have kept business out; rather it is the reverse. The absence of effective planning and development and the inability to cope with peasant unrest have resulted in a political climate that is too stormy to make business comfortable. At the same time the Philippine market remains a profitable outlet for American products. Events elsewhere in Asia, however, have sharpened American strategic concern for the Philippines and prompted further long-term military and economic interest in the Islands.

Aware that a bankrupt Philippines would be a weak ally in the Pacific, the United States sent to Manila an American economic survey mission headed by Mr. Daniel W. Bell, president of the American Security and Trust Company and former Under-Secretary of the Treasury. The Americans arrived in the Philippines on July 12, 1950 and the twenty-three-man group made an over-all study of the economy of the Islands, including a field survey of agriculture and industry and many trips to distant provinces to discover the less apparent roots of Filipino unrest.

The findings of the Mission, which were published on October 9, 1950, fell into three main categories. In the first place they constituted a startling indictment of an economy that has failed to provide for the welfare of its citizens in spite of abundant resources. In the second place, the Mission Report offered numerous excellent suggestions for Philippine development, particularly with regard to improvement of tax structure, industry, finances, and agriculture. Finally there was a recommendation for supervised American aid, as a step to implement some of the proposed enterprises.

The Report was particularly hard-hitting in analyzing the current situation in the Philippines. Successive paragraphs in its "Summary and Recommendations" began as follows:

The basic economic problem in the Philippines is inefficient production and very low incomes. . . .

The finances of the Government have become steadily worse and are now critical. . . .

The international payments position of the country is seriously distorted and a balance has been maintained in recent months only by imposing strict import and exchange controls. . . .

While production in general has been restored to almost the prewar level, little of fundamental importance was done to increase productive efficiency and to diversify the economy. . . .

The failure to expand production and to increase productive efficiency is particularly disappointing because investment was exceptionally high and foreign exchange receipts were exceptionally large during most of the post-liberation period. . . .

The inequalities in income in the Philippines, always large, have become even greater during the past few years. While the standard of living of the mass of people has not reached the prewar level, the profits of businessmen and the incomes of large landowners have risen very considerably. . . .<sup>14</sup>

<sup>14</sup> *Report to the President of the United States by the Economic Survey Mission to the Philippines* (Washington, D.C., Government Printing Office, October 9, 1950), pp. 1-2.



The Mission made six main suggestions for Philippine action, and a seventh relating primarily to United States aid. Among the proposals was a recommendation that added taxes be raised at once, that the tax structure be revised to increase the proportion of taxes from high incomes, and that collection machinery be overhauled. With regard to agriculture several proposals were made to improve production, to further experimentation, to open new lands for settlement, to aid in land redistribution, and to provide tenants with an equitable share of their production. Steps were urged to diversify the economy through new industries, and to reorganize government enterprises under a new Philippine Development Corporation. To protect the international payments position a special emergency tax of twenty-five per cent was proposed on all except specified essential imports. One major policy recommendation was that a Treaty of Friendship, Commerce and Navigation be concluded between the Philippines and the United States, establishing basic reciprocal rights, and that the present Trade Act of 1946 be revised in several respects. Among the provisions of the Trade Act to which critical attention was drawn was the system of allocating quotas and the "parity" clause, which, the Report stated, "limits Philippine sovereign prerogatives." Other recommendations related to the improvement of public administration, to furthering of public health, education, and social legislation, and to the establishment of minimum wages for agricultural workers.

When it came to recommending how the United States might further Philippine development the Mission faced somewhat of a dilemma. Although they did not take the form of government assistance, total United States disbursements in the Philippines during 1945-9 had amounted to some ₱3,275,000,000, of which the two major items were ₱856,000,000 for military agencies and ₱604,000,000 for rehabilitation payments under the Philippine War Damage Commission. The Philippine government, however, was unable to utilize these vast sums either to provide adequate tax revenues or to insure a substantial reserve of foreign exchange. To avoid further dissipation of resources and to insure returns for the proposed American investment the Mission sought a formula that would offer conditional aid. It recommended that an American Technical Mission be sent to the Philippines, and that an allotment of \$250,000,000

in United States loans and grants be offered to help carry out a five-year program of development. It was specified, however, "that this aid be strictly conditioned on steps being taken by the Philippine Government to carry out the recommendations outlined above, including the immediate enactment of tax legislation and other urgent reforms; that expenditure of United States funds under this recommendation, including pesos derived from United States loans and grants, be subject to continued supervision and control of the [American] Technical Mission. . . ." <sup>15</sup>

In spite of many acute economic observations and proposals, the Bell Report fails to take account of a number of serious political realities. One is the extent to which Filipino objections to supervised aid, already apparent in discussions there, will hamper the development program. A further question is the validity of the Mission's assumption that the proposed reform program can be implemented by the same administration that for several years has implemented nothing but economic crisis. The struggle of the Philippine Legislature to come to some agreement on a tax program, a necessary prerequisite for any foreign aid, is a case in point. A further problem is the extent to which military activities and preparations might divert resources and manpower from constructive economic development.

In evaluating the report of a short-term survey, it is important to recall that the problems of the Philippines did not appear overnight, nor are they exclusively of their own making. As Mr. Salvador Areneta, Philippine economist, commented: "Basically, we are called upon to solve at present the same age-old problems which were left unsolved during fifty years of American sovereignty in the Philippines." <sup>16</sup>

In a Far East already engulfed in revolution and warfare, the Philippine situation is bound to become increasingly tense, instead of working itself out easily. While American policymakers have difficulty in fixing on a policy that will meet internal Philippine needs as well as United States strategic interests, Filipino leaders face a similar dilemma in satisfying Philippine domestic demands and Philippine foreign commitments.

<sup>15</sup> Ibid., p. 5.

<sup>16</sup> *Memorandum* for President Quirino from Salvador Areneta, Department of Economic Coordination, Republic of the Philippines, November 1, 1950, p. 1.

Some indication of this can be seen from a statement of President Quirino in which he commented that there are two "organized enemies trying to promote certain interests not close to our hearts. They are," he said, "the Communists and the imperialists." The former he accused of harassing and demoralizing the country, and the latter of attempting to urge the United States to step in, intervene, and "take possession of our land with the excuse of preventing its falling into the hands of the Communists."<sup>17</sup>

Although there has been concern over the extent of American influence in domestic policy, the administration has not hesitated to give all-out support to the United States position in foreign affairs. In certain instances the Filipinos have sought to launch projects of their own which the administration there felt might further common ends. President Quirino's hopes for leadership in an Asian anti-Communist alliance, however, were dashed somewhat by his abortive conference with Chiang Kai-shek in July 1949 in the Philippines, which received little support at home or elsewhere.

Seeking to gain prestige in southeast Asia, the Philippines took the initiative in calling a conference of some southeast Asian states in May 1950 in Baguio. Delegations from Australia, Ceylon, India, Pakistan, Thailand, Indonesia, and the Philippines discussed economic, social, and cultural relationships in their region, but shied away from such matters as Communism or military alliances. The conference failed to approve a Philippine proposal that sought to set up a permanent organization for the states represented, but a follow-up procedure was provided when the president, Brigadier General Carlos P. Romulo, was authorized to communicate the recommendations of the group to the participating governments, and to keep them informed of progress along those lines.

The Philippine position in international affairs has been clearly defined in its continuing activity in the United Nations in support of the major facets of the United States position, and in the prominent role taken by Brigadier General Romulo, who served as chairman of the Fourth General Assembly of the United Nations. The Korean crisis called forth statements by Filipino officials in defense of south Korea, and President

<sup>17</sup> *New York Times*, June 14, 1950.

Quirino dispatched Filipino troops after an initial period of hesitation and delay. There was some indication, however, that the emergency elsewhere in Asia was being used as a means of obscuring domestic difficulties, and that war preparations were looked upon as a way out of the desperate economic situation. For example critics of President Quirino's administration such as Senator Tanada have asserted that the president was seeking to gain further political control through the assumption of emergency powers that had been denied to him by the Congress.<sup>18</sup>

That involvement in an Asian war would solve internal Philippine difficulties is unlikely. The Korean conflict has increased copra prices, but all-out mobilization and controls in the United States would undoubtedly restrict the export of essential strategic materials and capital goods necessary for industrial development in the Islands, while all-out warfare in the Pacific would certainly find the Philippines, a close neighbor of Formosa, again a battleground and staging area. Considerations of geography and their own conception of national self-interest prompted the twelve-nation Asian-Arab bloc in the United Nations to seek a formula for negotiations and peace in the Pacific. The Philippines, in view of its commitment to American policy in Asia, did not join with this non-Communist group.

The Philippines is an independent constitutional Republic, but its colonial-type economy and internal political unrest have created profound domestic problems. Three centuries of foreign rule have not improved the living conditions of the average peasant family, and although foreign capital and technical aid are badly needed in the Islands, it appears that Filipino answers must be found to Philippine problems. On the international scene the Philippines has neither the size, population, nor stability to exert a major influence on the state of Asia. Its future, however, will depend to a large extent on Philippine acceptance of its own role as an Asian State.

<sup>18</sup> *New York Times*, July 3, 1950.

# INDONESIA

PAUL M. KATTENBURG<sup>1</sup>



THE islands of Indonesia (once commonly referred to as the Indies, East Indies, Netherlands India, or Netherlands or Dutch East Indies) have entered more and more into the mainstream of world affairs. Ruled by the Dutch for three hundred years and then captured by the Japanese at the beginning of the second World War, the archipelago became the stage of an intense postwar conflict between local nationalists and the returning Dutch. While the evolution of the archipelago affects its own people first of all, recent events in Indonesia also have deep significance for the rest of southeast Asia, as well as for the Netherlands and other colony-holding nations of western Europe. Clearly the prestige of the United Nations has been at stake in the Dutch-Indonesian struggle. Nor can one overlook Indonesia as a factor in the contest between the two main centers of world power, the United States and the Soviet Union.

The Indonesian archipelago lies between the Indian and Pacific Oceans, and the continents of Asia and Australia. It is thus strategically located athwart the communications lines of the British Commonwealth and Empire. In religion Indonesia is the easternmost territory of the Moslem world, while ethnically it is the home not only of the Indonesians, and of some three hundred thousand Eurasians and Dutch, but also of two million Chinese who play a powerful role in its economic life. Its population—the largest among the countries of southeast Asia—was approximately sixty million in 1930, including about forty-eight million on the two main islands (forty million on Java, eight

<sup>1</sup>This chapter was completed by Mr. Kattenburg in New Haven in August 1950. References to subsequent Indonesian developments will be found in several footnotes inserted by the editor.



million on Sumatra). In 1940 the figure was estimated at more than seventy million, and today it is undoubtedly higher—perhaps seventy-five million; i.e., roughly half the population of the United States.

Indonesia is a major reservoir of valuable raw materials. In 1939 it produced more than a third of the world's natural rubber, more than a sixth of its tin, about a fourth of its palm oil and coconut products, and very large, or at least significant, quantities of petroleum, tea, cinchona bark, sisal, kapok, pepper, bauxite, sugar, and coffee. The Netherlands built its wealth and power in large measure on the East Indies. The total capital investment in Indonesia before World War II is estimated at some four billion guilders (roughly one billion U.S. dollars, in terms of 1950 currency values), about seventy per cent of which was held by Dutch interests. This investment paid handsome returns. According to one survey, sixteen per cent of the Dutch national income has been attributable to sovereignty over Indonesia.<sup>2</sup> However cautiously one must approach such a calculation, it gives an idea of the Dutch stake.

Indonesia, it is generally agreed, provides the most graphic illustration of the role a colony can assume in the economic life of the ruling country. The islands were highly important because of their great excess of exports over imports (and consequent exchange earning capacity), the field of operations they offered Dutch shipping and other services, and the employment opportunities for Dutch nationals, who held the best positions in government, business, and the army. Since the colony was essentially self-supporting up to World War II, the returns to the Netherlands were almost pure profit on the Dutch investment.

When Japan invaded Indonesia in 1942, the Netherlands had had a stake in the area for more than three centuries. In the sixteenth century the Portuguese established themselves in the islands; in the seventeenth the Dutch replaced them, using the Netherlands East India Company as the spearhead. Early Dutch policy involved little direct government and much emphasis on the profitable trade. Later, as Dutch power grew despite outbursts of Indonesian resistance, there was an effort to press as

<sup>2</sup> H. B. D. Derksen and J. Tinbergen: *Calculations About the Economic Significance of the Netherlands Indies for the Netherlands* (New York, Netherlands Information Bureau, 1947).

much profit as possible directly from the islands and the people. Thus in the nineteenth century intensive demands on the Indonesians for land and labor brought great financial returns to the government at The Hague. In reaction to this, as well as in response to new theories about productive efficiency and the exploitation of natural resources, Dutch policy was modified toward the end of the century. Private capital began to replace that of the state; there was a new emphasis on large-scale plantations; Netherlands rule penetrated increasingly into the lives of the Indonesians; and, as part of a reform movement, stress was laid on the need for social services in maintaining a constant high level of economic returns.

The Dutch effort, which contributed greatly to the development of some sectors of the Indonesian economy and brought some social improvements, especially in public health, was directed almost entirely toward making Indonesia an effective support of the Netherlands' economic system. The great mass of Indonesians remained sunk in poverty, earning their livelihood largely by raising subsistence crops, especially rice. The prevailing pattern in Java was one of very small holdings or communal lands, carved out of the heavily overcrowded but fertile soil. Indonesia was not plagued by land-tenure problems as were other Far Eastern areas, because the Dutch from 1870 on prohibited the sale of land to non-Indonesians and carefully respected the traditional system of common ownership of land by villages. But the pressure of population on the land was intense. Increasing numbers sought employment on European-managed estates and plantations, and programs of emigration to the Outer Islands (the islands other than Java) were developed. In the Outer Islands, especially Sumatra, the traditional pattern of native economy was being broken down by an increasing reliance on cash crops. Outside the agricultural field, the prospects for light industry appeared promising immediately before World War II, but industry itself was only in its infancy. Labor, whether on plantations or in industry, formed only a very small percentage of the total population.

The first strong symptoms of modern national consciousness appeared in Indonesia early in the present century. This partly reflected the fact that a small but growing number of upper-class Indonesians were entering Dutch schools and universities,

where they absorbed the culture of the West. While these students were slowly developing into an intelligentsia capable of leading the people, a series of international events contributed to the rise of nationalism. These included the modernization of Japan and her emergence as a great power, the Chinese Revolution of 1911, the upsurge of nationalism in India and the Near and Middle East, the victory of Bolshevism in Russia and the consequent spread of international Communist doctrine, advances toward self-government in the Philippines, and the strengthening of the principle of national self-determination, confirmed in the European peace treaties. An organized Indonesian nationalist movement emerged shortly after World War I. The world depression that began in the late twenties dislocated many sectors of native life and contributed to the growth of Indonesian national consciousness. The increasing contacts of Indonesians, especially seamen, with the outside world also played a part. Nor should one overlook the effect of the establishment by the Dutch, however slowly, of native representative institutions.

Indonesian nationalism gradually exhibited four major tendencies, frequently interwoven with each other in varying combinations. From Western culture, modern democratic nationalism and Marxism were borrowed. From Indonesia's cultural tradition, nationalists took Islam as a rallying point against foreign influences, while rediscovering their country's history and pattern of values. In the process two "conservative" wings developed. One emphasized religion. The other stressed gradual progress toward self-government through co-operation with the Dutch and through a rejuvenation of the great forces in Indonesian civilization. Two "radical" wings also evolved, one looking toward immediate, absolute independence through non-co-operation with the Dutch and the development of nationalist sentiment, and the other going beyond this to a revolutionary philosophy of establishing a Marxist, workers' state.

Centered almost exclusively at first in Java and Sumatra—the areas of densest population and most intimate contact with the West—Indonesian nationalism developed a series of able and devoted leaders, symbolizing the main tendencies of the movement. These included the Islamic leader Hadji Agus Salim (later foreign minister and elder statesman of the Indonesian Repub-

lic) and the traditionalist and moderate nationalists Sutomo, who died before World War II, and Dewantara, a leading educator still active today. There were also the radical nationalist leaders Sukarno and Hatta, who later became respectively the president and vice-president of the Republic. The Socialists produced Sjahrir, once prime minister of the Republic and still a highly influential leader, and Sjarifuddin, a left-socialist ex-premier of the Republic who joined a Communist-led rebellion in 1948 and was executed. The Communist leaders included Alimin, Samaun, and Sardjono, and the extreme left deviationist Tanmalaka.

The nationalist movement faced great barriers in working for Indonesian unity. The separateness and diversity of the islands, and the many differences among the people in language, culture, and ethnic background constituted one factor. The lack of popular education was another. Throughout Dutch rule, only from five to ten per cent of governmental expenditures was allocated for education in Indonesia. Since by 1930 only six per cent of the population could read and write satisfactorily, and this percentage increased very slowly, the most obvious means of nationalist propaganda was not available for reaching the great mass of the people.

The Moslem religion, it is true, was a unifying element, since roughly ninety per cent of the people adhere to it. But even its appeal was not universal, and the nationalist leaders were inspired less by Islam than by secular Western political theories. The divisions within colonial Indonesian society proved a most serious barrier to nationalism. For example, the small middle class in the professions and civil service found itself torn by conflicting tendencies. Its life was essentially the product of Western influence, but it was separated from the Western sectors of society by race, social barriers, and a comparatively low economic position. It tended therefore to turn for fraternization and support to the native groups from which it had alienated itself in daily life—a difficult integrating process. From this educated and dynamic section of society came the leaders and propagandists of nationalism.

A second native group consisted of the aristocracy of the native states, whose members had a common faith in their ancient, custom-encrusted institutions. Much as they despised

the colonial rulers, the aristocrats also distrusted the Western-educated intelligentsia. Where the aristocracy was poor and its prestige falling, it tended to associate with religious leaders and to identify itself with the native masses. Where it was rich and dependent for its survival on Dutch interests, it tended to look to the Dutch for support and to inhibit native consciousness. Only where modern ideas had penetrated it, as was to some extent true in the large principalities of Java, was the aristocracy willing to look to nationalism and its middle-class leaders for guidance and association.

The third main social group consisted of the Indonesian masses in their village communities. Except for the *kampongs* of plantation laborers and urban wage-earners, the native settlements remained largely untouched by foreign governmental systems. Since the Western-imposed economy did not penetrate deeply into the traditional, closed village community, sectionalism and custom continued to form the basis of Indonesian public life. But despite these retarding factors, nationalist sentiment spread with rapidity to even the most remote islands and kampongs. Constantly recruiting new leaders from the growing Indonesian intellectual group, the nationalist movement matured and spread until it represented more and more of the inert masses of the people and included virtually all Indonesians who had any political opinions. In May 1939 a Congress of the movement established a federation of those parties which had not been suppressed, thus achieving unity between the two major wings, "conservative" and "radical," or more exactly "co-operative" and "non-co-operative." It was a movement that included youth and women's organizations, labor unions, schools, and cultural groups.

In reacting to Indonesian nationalism the Dutch had relied strongly on a policy of repression. Serious outbreaks during 1926-7 had been put down by force, and in the late twenties and early thirties a large section of the nationalist leadership, including Sukarno, Hatta, and Sjahrir, was transported into exile, many to the notorious Upper Digul concentration camp in New Guinea. Those nationalists not in exile found themselves struggling within a system of Dutch laws which barred all except the most innocuous political activities and strictly prohibited the expression of pro-independence sentiment. A



thorough system of police informants and espionage made nationalist activity extremely dangerous. The policy of repression did not bear fruit. Despite difficulties, the nationalists constantly broadened their support. In the late thirties they sponsored mass campaigns for political autonomy, culminating, as already noted, in the achievement of nationalist unity through federation in 1939. The Dutch applied their policy even more vigorously during the tense period after the occupation of the Netherlands in May 1940. In the Netherlands, the growing strength and progress of Indonesian nationalism remained largely unperceived.

When the Japanese arrived, the Indonesian people possessed only the barest semblance of self-government. There was a *Volksraad*, a popular assembly at the central government level, which possessed limited co-legislative powers with the governor general, who held a final veto. But the Indonesians, comprising ninety-eight per cent of the population, had only half the seats in this body (the rest went mostly to the Dutch and a few to Chinese and Arab representatives). A large number of the members were appointed, and the remainder were not chosen through a broad franchise or direct popular elections. The limited powers of the *Volksraad* completely failed to meet the aspirations of the growing Indonesian élite, which continued to attack the rigid police and censorship system, found insufficient place for itself and too slow advancement in the civil service, and met great difficulties in penetrating European business enterprise except in the lowest posts. In general, then, the transfer of political and economic power to the Indonesians had hardly begun when the Pacific War broke out.

This situation in many respects favored the Japanese effort to win Indonesian support after the swift occupation of the islands early in 1942, but the Japanese program actually proved a complete failure. The occupation brought economic chaos and new misery to the people, standards of living deteriorated seriously, village manpower was drained by calls for forced labor, and the most essential goods were in very short supply. Politically, the independence promised by the Japanese proved a sham. But Japan contributed significantly to shaping the future by enlisting the collaboration of leading nationalist elements. With rare but important exceptions—the most notable were Sjahrir and Sjarifuddin—almost all Indonesian leaders took posts under the

Japanese and paid at least verbal respect to Japanese slogans and wishes. In return, they were allowed considerable freedom of movement and received an excellent opportunity to reorganize and consolidate the nationalist movement and to propagandize among the masses for their own ends. It is important to note that the standards used to define quislings in the West during World War II did not automatically hold among Asian subject populations. In this case the overwhelming endorsement of Sukarno by the Indonesian people after the war, despite his prominent role under the Japanese, shows that his collaboration was accepted as arising from national rather than servile or personal motives.

The Dutch returned to Indonesia after the war with pledges of extensive reform in the structure of the Netherlands empire and in the political and economic life of the Indies. They promised the Indonesians greater employment opportunities, as well as aid in relief, rehabilitation, and reconstruction, and brought with them fairly elaborate plans for light industrialization, population resettlement, and other economic changes. To the Dutch there seemed to be a prospect for a return to prewar "normalcy," but from the very beginning Indonesian nationalism and the struggle for independence were overwhelming factors in the life of the archipelago.

The suddenness of Japan's surrender caught the Allies by surprise in southeast Asia. In Java a group of nationalist leaders, headed by Sukarno, Hatta, and others, quickly proclaimed the independent Republic of Indonesia on August 17, 1945. Because of the military weakness of the recently liberated Netherlands, the Allies delegated to the British Southeast Asia Command the acceptance of the Japanese surrender in Indonesia. But the Republic was more than a month old by the time British forces began to trickle into Java late in September 1945. Despite the Dutch view that the Republic had been made in Japan, and was led by extremists incapable of governing effectively, the British soon realized that it had overwhelming Indonesian support and was really functioning—in any event in Java and in areas of Sumatra.

One over-all effect of the British operation in Indonesia was to pave the way for the military and political re-entry of the Dutch. But because the United Kingdom was obliged to

spread its military resources through Burma, Siam, Malaya, and southern Indochina, as well as Indonesia, British field commanders gave limited recognition to Indonesian Republican authorities and accepted their aid in disarming the Japanese, releasing Allied internees and war prisoners, and maintaining law and order. At the same time the British permitted a few and then increasingly large numbers of Dutch troops and officials to return and establish themselves in the cities of Batavia, Bandung, Semarang, and Surabaya. The entrance of Dutch forces set off Indonesian resistance. While a section of the Republican government moved to the interior city of Jogjakarta, leaving negotiations with the British and Dutch in the hands of Prime Minister Sjahrir in Batavia, regular and irregular Indonesian forces in Java engaged the British and Dutch troops at many points. Many British units, composed mainly of Indians, proved unreliable for political reasons. The subsequent British use of Japanese troops as auxiliaries in armed actions, the furious Indonesian counter-actions following this move, and resulting British military retaliations soon brought Indonesia to the world's attention.

A proposal for an investigation by the United Nations Security Council, submitted by the Ukraine and backed by the U.S.S.R. in January 1946, was subsequently voted down. The British had, in fact, already decided to seek an end to warfare through diplomatic intervention. They made it clear to the Dutch in December 1945 that further British military aid, and support of over-all Netherlands colonial policy, depended upon Dutch willingness to negotiate a settlement with the Indonesians. In the meantime Washington—embarrassed by public criticism of the use of lend-lease weapons and United States-trained Dutch troops against the Indonesians—had supported London's pressure for negotiations. Late in December 1945 The Hague officially accepted the idea of negotiating with the Indonesian Republic.

In February 1946 the Netherlands advanced a plan for reorganizing its empire as a "commonwealth" of equal partners under the Crown—a concept first outlined by Queen Wilhelmina in 1942. The plan offered certain concessions to Indonesia, but made no reference to the Republic and would have allowed genuine self-determination only in the indefinite future. Negotiations went forward, however, on this basis. The Netherlands

cabinet of Premier Schermerhorn and Minister of Overseas Territories Logemann, and the Indies governing group under Lieutenant Governor General Hubertus J. van Mook leaned toward a policy involving a far greater shift of power to the Dutch authorities in Batavia than Netherlands conservatives were generally inclined to grant. Since the Batavia authorities were willing to make concessions to the Indonesian nationalists for the sake of co-operation, this would have encouraged a tendency toward conciliation.

Such an approach was attacked unceasingly by Dutch conservatives, and a parliamentary commission of investigation which went to Indonesia blasted as weak the policy of van Mook and his Batavia advisers toward the Republic. Dutch public opinion—isolated from world trends for years, confident of the wisdom and superiority of Dutch rule in the Indies, and aroused by reports of the manhandling of former Dutch residents—on the whole backed the conservatives. In May the cabinet announced a plan quite similar to that advanced in February, but providing for *de facto* recognition of the Republic as part of an Indonesian federation, which would be joined in a union with the Netherlands. The Republican counter-proposals, involving an armistice, an end to troop reinforcements, and in effect *de jure* recognition of Republican independence, were not acceptable to The Hague, and negotiations ceased. A new election in the Netherlands pushed the cabinet to the right, and in Indonesia an unsuccessful attempt at a *coup d'état* temporarily disturbed conditions.

While talks were in abeyance, the Dutch proceeded to organize so-called self-governing states in territories outside the Republic: Borneo, Celebes, the Lesser Sundas, and the Moluccas. The object was to enhance Dutch control in areas to which the Republic had originally laid claim and, in a long-term sense, to build counterweights to the Republic in the event that a federation of Indonesia was later created. In October 1946 negotiations were resumed. Under continued British prodding, intensified by the announcement that British forces would soon withdraw, a military truce agreement was reached. By its terms the Indonesians agreed to permit the Dutch to increase their forces in Java to the total of the British troops that were leaving—about one hundred thousand at their maximum. The Indonesians had

about twice as many men under arms, but the Dutch were superior in training and equipment. On November 15, 1946 the Netherlands and the Indonesian Republic initialed a political agreement at Linggadjati. On November 30 the last British troops withdrew from Indonesia.

Under the Linggadjati terms The Hague recognized the Republic as the *de facto* government of Java, Madura, and Sumatra. The Dutch were gradually to hand over to the Republic the areas they held on these islands, and the process was to be completed by January 1, 1949 at the latest. By the same date the Netherlands and the Republic were to establish a sovereign, democratic, federal state, the United States of Indonesia (U.S.I.). This state was to consist of three parts: the Indonesian Republic, the State of Borneo, and the State of East Indonesia. Any territory whose people decided by democratic methods not to join the U.S.I. could arrange for a special relationship with the U.S.I. and the Netherlands. A constituent assembly of "democratically nominated" representatives of the three parts of the U.S.I. was to draw up its constitution.

By January 1, 1949 the parties were also to establish a Netherlands-Indonesia Union, headed by the Crown and consisting of the sovereign U.S.I. and the Netherlands Kingdom (Netherlands, Surinam, Curacao) in an equal and indissoluble partnership. Joint governmental bodies were to deal with questions of common interest, and the Republic agreed to restore the rights and property of all non-Indonesians in Republican territory. The Netherlands declared that, immediately after the formation of the Netherlands-Indonesia Union, it would sponsor the U.S.I. for membership in the United Nations. Should any serious disagreement arise in implementing the Linggadjati terms, the dispute was to be submitted to third-party arbitration. The arbitration clause aroused widespread hopes, in the United States in particular, that the Indonesian issue could at last be settled peacefully. The many gaps and vaguenesses in the Linggadjati Agreement were passed over rather lightly.

Fighting continued in Java and Sumatra after the agreement was initialed, while each side accused the other of violating the truce lines. "Trade regulations," which the Dutch announced in January 1947, had the effect of establishing a thoroughgoing blockade of all Republican ports. In establishing this blockade,



which caused the Republic great economic hardship, the Dutch charged the nationalists with exporting the produce of Dutch-owned properties and insisted on their right to examine and, if necessary, to confiscate such exports. The Dutch also proceeded at this time with the unilateral development of "states" in the Outer Territories, while the Republic, contrary to the Linggadjati terms, extended its contacts abroad.

From the moment it was initialed, the Linggadjati Agreement faced the attacks of militant elements in Jogjakarta and conservatives in The Hague. Under domestic pressure, the Netherlands announced a set of reservations. For example, the provision for "co-operation with the Republic" was taken to mean that the Netherlands alone had final responsibility in Indonesia until such time as the new U.S.I. was established. The use of the word "federal" was also taken as meaning that the other states of the U.S.I. were entirely equal to the Republic. The Republic, for its part, conceived of the Agreement as implying joint responsibility in the formation of the U.S.I. and a dominant position for itself in the federation.

In these ominous circumstances the Linggadjati Agreement was signed in Batavia on March 25, 1947. Britain and the United States responded by granting limited *de facto* recognition to the Republic. During May the negotiations to implement the Agreement moved toward a breakdown. A number of factors had a marked effect—the Dutch blockade, the continued Dutch development of "states," the Republican diplomacy abroad, the succession of charges and countercharges of violation of truce lines, and Dutch accusations that the Republic would not restore Dutch-owned property and was almost causing famine in Dutch-occupied areas by preventing rice shipments from the Republic. The Dutch regarded the Republic as deliberately obstructionist, while the Republic watched with growing anxiety the steady reinforcement of Netherlands troops in the islands.

On May 27 the Dutch sent an ultimatum to the Republic, demanding an immediate interim federal government in Indonesia, with large powers for the Dutch and Dutch-supported "states" in foreign, military, and economic affairs. In a reply of June 8 the Republic accepted the concept of an interim government, but opposed many of the Dutch terms. In a personal effort

to save the negotiations, Prime Minister Sjahrir now sent two notes to the Dutch, indicating further concessions the Republic might accept. On June 27, a day after the Republican legislature voted against his offer, Sjahrir resigned; but the legislative left bloc, the *Sajap Kiri*, quickly changed its position to one of support for Sjahrir's stand, and President Sukarno backed this approach in a note to the Dutch. On June 27, also, an American *aide-mémoire* urged Republican acceptance of the Dutch terms and said that the United States was willing to consider financial aid for an interim government. Despite the Republican offers of concessions and a last-minute Republican invocation of the arbitration clause of the Linggadjati agreement, the Dutch adhered to their military plans. Evidently one important factor in Dutch thinking, in addition to the precarious position of the Dutch-held cities in Indonesia, was the crisis in the Netherlands economy. The economic effects of World War II on the Netherlands, the loss of the former German market, the continuing military burden in Indonesia, and the desire to revive Indonesian exports as a source of dollars all played a large role. Since the Dutch did not expect serious Indonesian resistance and misjudged the international effects of their course, they believed it would be easy to destroy what their press sometimes called the "castle of cards in Jogjakarta."

This proved not to be the case. During its first two years the Indonesian Republic had been unexpectedly successful in establishing a popular, peaceful rule. The nationalist government seemed genuinely representative, even though it was appointive in all its branches because of the impracticability of elections. At its head stood Sukarno and Hatta, president and vice-president respectively. There was a provisional legislative body, the "Central Committee of the Republic," whose five-hundred-odd members were apportioned among the various parties, sections of the country, minorities, occupations, and cultural groups. The cabinets that held office were modeled closely on the composition of the Assembly, as was the Working Committee, a relatively small body through which the unwieldy assembly mostly functioned. Throughout this period, despite some exceptions, national unity was the keynote of Republican domestic politics.

Economically the Republic placed great reliance on state control, as was indicated by a Ten-Year Plan announced in April

1947. This ambitious statement of objectives looked toward minimum-wage arrangements; extensive activity in the fields of education, health, and co-operatives; government credit for industry; and the spread of government-owned utilities. At the same time there was much emphasis on Indonesia's need for foreign investments. Careful consideration was paid to Chinese economic interests, and important Indonesian-owned private commercial establishments were formed. Another feature of the Republic was the strength of the labor movement. The Central Labor Organization claimed a membership of 1,200,000 in the spring of 1947. This organization favored nationally owned public utilities and a policy of state Socialism modified by concessions designed to attract foreign private investment.

This was the state against which Dutch land, sea, and air power went into action on July 21, 1947. By August 4, when the "police action," as the Dutch termed it, was halted at the order of the United Nations Security Council, only about one third of the area of Java was left under Republican control. This territory was mostly in the central part of the island, with a population of roughly twenty million people. In Sumatra, while the Republicans retained the larger part of the interior, the Dutch had occupied the main seaports and valuable plantations and oil facilities. By June 1947 the military forces of the Republic, long characterized by the Dutch as operating loosely, had been co-ordinated under a central command. The Dutch attack forced a new separation of the Republican army into rather independent units, often poorly linked with each other. These armies, ill equipped and organized to wage a slow guerilla war of attrition, were no match for the well-trained, mechanized, and amphibious Dutch. But the immediate results did not give the full picture of Indonesian resistance, as became apparent in later months.

There were swift international reactions to the use of force by the Dutch. Intensive British and American efforts at mediation, designed to forestall presentation of the issue to the Security Council, failed. On July 31, 1947 India and Australia brought the case to the Council's attention. The Council, meeting amid general criticism of the Netherlands, passed a resolution on August 1, demanding the immediate cessation of hostili-

ties. The parties were called on to reach a settlement by peaceful means and to keep the Council informed of the progress of their efforts. While this resolution disregarded the pleas of the colonial powers that what happened in Indonesia was a matter of Dutch domestic jurisdiction, the measure lacked teeth and was simply an exhortation to the parties involved.

It soon became apparent that the cease-fire was not being carried out. The Dutch spearheads stopped advancing, but in the areas overtaken by these spearheads Dutch mopping-up operations continued against large bodies of Republican troops. The Dutch now insisted that these territories, lying within what was called "the van Mook line" (the line marked out by the points of farthest advance of the Dutch armies), be under their control. In the Security Council's deliberations of August 1947 the positions of the various members were clearly outlined. The colonial powers—Britain, France, and Belgium—held that the Council had no authority to intervene within the domestic jurisdiction of the Netherlands. The Soviet-Polish bloc, on the other hand, advocated withdrawal of the conflicting forces to the positions they held before the "police action," and the creation of a Security Council commission, empowered to arbitrate. Australia, Syria, and Colombia leaned toward the Republic and were backed by the Philippines and especially India (both non-members, invited to participate because of their special interest). This left the United States, leading China and Brazil, in a middle position. The compromises sponsored by the United States were usually accepted in the voting.

These compromise arrangements, and the later actions of the Security Council which followed from them, coincided with the top concessions The Hague would agree to of its own accord. This situation reflected in part the veto power that two of the colonial powers held, and that France had used to defeat one proposal unacceptable to the Dutch. But it was due mainly to the existing "cold war" situation in which Indonesian developments were being considered. To policy-makers in Washington at this time America's global interests made firm pressure on the Dutch by the United States or the Western powers inadvisable. The United States therefore sought agreement on the basis of the maximum terms the Dutch were willing to concede; and

the Council's actions were effectively limited to these terms by American influence. This approach left the Dutch with a wide bargaining range.

On August 25, 1947, with Russia, Poland, and Syria abstaining, the Security Council passed a United States-sponsored resolution under which the Council was to tender its good offices to the Netherlands and the Republic. A three-member Committee of Good Offices was now established. The Netherlands and the Republic chose Belgium and Australia respectively, and the two latter governments then selected the United States as the third member of the Committee. On December 8, 1947, while frequent skirmishes were still occurring in areas enclosed by the Dutch spearheads, the Committee of Good Offices initiated formal meetings with Republican and Dutch delegations aboard the U.S.S. *Renville*, an American transport, in Batavia harbor. A month of discussions produced a truce and an agreement on political principles. In these negotiations a large role was played by the American representative, Dr. Frank P. Graham, then president of the University of North Carolina and later a United States Senator. The Australian member was Justice Richard Kirby; and the Belgian Dr. Paul van Zeeland.

In January 1948 the Renville Agreement was sent to the Security Council. The document retained the basic principles, as well as some of the loopholes and vaguenesses, of the Linggadjati Agreement. The truce terms provided for a cessation of hostilities and the creation of a demilitarized zone between the Dutch and Republican forces. The group of eighteen political principles reaffirmed the Linggadjati concepts concerning the establishment of a United States of Indonesia and a Netherlands-Indonesia Union. Until authority was transferred to the U.S.I. the Netherlands was to be sovereign in Indonesia, but it might at an earlier date grant powers to a provisional federal regime, which would represent all the states fairly. The Committee of Good Offices was to continue to aid the parties in implementing the terms, but only if they so requested.

In addition, the armed forces of both parties were to be reduced gradually, but there was no requirement that troops be withdrawn to positions they had held before the "police action." The latter idea, together with a proposal that neither party take further steps to create states or to settle political relation-



ships in the contested parts of Java and Sumatra, had been suggested by the Committee during the Renville talks, but had been rejected by the Dutch. Under the Renville terms plebiscites or free elections were to be held in these disputed areas within six months to a year. This gave the Republic a theoretical chance to recoup its territorial losses. In the period before the plebiscites the parties pledged freedom of political expression and declared that no change would be made in the administration of any territory without the consent of its people. A constitution for the U.S.I. was to be drafted by a convention in which the various states would be represented according to population. Finally, normal trade and economic activity were to be restored as soon as possible.

Both the American and British governments praised the results of the work of the Committee of Good Offices; and, in a speech of February 3, 1948, the Queen of the Netherlands declared that colonialism was "dead." But many members of the Security Council were critical of the Renville terms and doubted that they would work. The U.S.S.R. violently denounced the Agreement, declaring that the United States was aiding the Netherlands to colonialize Indonesia. The Philippines, India, and—almost as strongly—Australia, Syria, Colombia, and China showed concern that the Dutch might not really carry out the terms. But despite misgivings and the fact that the Netherlands was being allowed to keep areas that had been occupied in violation of the Council's cease-fire order, the Renville Agreement was adopted by a vote of seven to nothing, with Colombia, Syria, the Ukraine, and the U.S.S.R. abstaining. The simultaneous adoption of a Chinese resolution, calling on the Committee of Good Offices to observe and report on political developments in West Java and Madura—areas of Dutch-fostered separatist activity—suggested the disquiet prevailing among many of the members.

In fact, Dutch moves in building up a network of states to encircle the Republic contributed to the sense of frustration and apathy that became manifest in the political negotiations almost immediately after the Council approved the Renville terms. In May 1948 the Committee of Good Offices reported that, while fighting had virtually ceased, no progress had been made toward a political settlement. The atmosphere soon resembled

that of the period between the signing of the Linggadjati Agreement in March 1947 and the Dutch military move in July of that year. After unsuccessful attempts to break the impasse in June and July 1948, the Committee subsided into near quiescence for a number of months. In its July report to the Security Council it reported no further progress and stated that the continued Dutch blockade of Republican areas was preventing Indonesia's economic rehabilitation. The Dutch vigorously and bitterly denied the allegations. But with political negotiations suspended, they proceeded even more actively than before to carry out their own plans in the Outer Territories and in areas recaptured from the Republic. In these efforts they met with fair success. At the same time, in its greatly reduced and overcrowded area, the Republic faced a mounting succession of domestic difficulties.

Until the Dutch military action of July 1947 the Republic, largely under Prime Minister Sjahrir's leadership, had maintained a large measure of efficiency and stability. Sukarno had adroitly kept a political balance between the two broadly equal combinations—the left-wing bloc, known as *Sajap Kiri*, and the right-wing group, *Benteng Republik*. It is noteworthy that the “moderates”—supporters of Sjahrir's policy of negotiation with, and concessions to the Dutch—had then included not only the Socialists, but also the Communist and Labor parties; while the bulk of the opposition had come from the National party and *Masjumi*, a Moslem religious federation of parties, generally conservative on economic and political issues but militant in their attitude toward the Netherlands.

Serious fissures began to appear in the Republican political structure soon after the 1947 attack and particularly after the signing of the Renville Agreement. These fissures resulted from the steady deterioration of conditions inside the Republic (reflecting the Dutch military action, the loss of Republican territory, and the economic effects of the blockade) and from discord among Indonesian leaders concerning the orientation of the Republic in a world increasingly divided between two blocs. The most serious internal repercussions were felt in September 1948, when a rebellion broke out in Surakarta and Madiun. Led and inspired by the Indonesian Communist party, and supported by various other leftist groups and leaders (all organized into a “Democratic Popular Front”), the movement met the full op-

position of the Republican army. The background of the rebellion lay partly in the fact that the Communists had been able to capitalize on widespread dissatisfaction in the Republic as a result of the Renville Agreement and the prevailing hardships. The rebellion occurred shortly after the return to Indonesia of an Indonesian Communist leader named Muso, who had spent two decades of exile in the U.S.S.R. Upon his reappearance Muso took over the leadership of the Communist party. Although challenging the very existence of the Republican authority, the uprising was obviously premature and ill staged. By early November it had been crushed decisively by loyal Republican forces, and its leaders had been captured or killed. Among these the best-known was the ex-prime minister and left-Socialist leader, Amir Sjarifuddin.

The Republican regime had withstood this internal threat. How effective would it be in dealing with the growing external menace of another Dutch military campaign? In November 1948 the Committee of Good Offices succeeded in briefly reviving the stalled negotiations. The last meetings were held at the highest level, with the participation of Premier Hatta of the Republic and Foreign Minister Stikker of the Netherlands. But the talks failed. The Netherlands charged that the Republic was powerless to control its armed forces and that its refusal to place these forces under Netherlands authority in the interim period preceding formation of the U.S.I. violated the recognition of interim Netherlands sovereignty in the Renville Agreement. The Hague declared that it would therefore promulgate a decree establishing an interim federal government. The Republic stated that it had gone far in making concessions, that the Dutch did not seek a bilateral agreement but unconditional acceptance of their own terms, and that they were about to form an interim federal government without formal negotiations, contrary to the Renville terms.

On December 13, 1948 Premier Hatta forwarded to Mr. Merle Cochran, the American member of the Committee of Good Offices, a letter offering further Republican concessions. For example, if definite standards were laid down, the Republic would recognize the right of a Netherlands Crown representative to exercise a veto and certain emergency powers during the interim period preceding the establishment of the U.S.I. On De-

cember 17 the Netherlands stated that the Republican concessions were unsatisfactory and demanded complete acceptance of its own terms by 10 p.m. on December 18. At 6.45 a.m. on December 19, while the Republic was drafting a reply, Dutch paratroops landed near Jogjakarta, the Republican capital. By the afternoon they had captured the city and had seized the most important Republican leaders, including President Sukarno, Vice-President and Premier Hatta, members of the cabinet, and the commander-in-chief.

The Committee of Good Offices reported to the Security Council that, in launching military operations, the Netherlands had violated its obligations under the Renville Agreement. It said that it knew of no concentration of Republican forces which should have caused alarm and precipitate action by the Netherlands; that since the Dutch operations must have involved considerable planning, it was difficult not to conclude that military plans had been under way during the exchange of correspondence since December 12; and that the negotiations under the Committee's auspices had been inadequately explored, and certainly not exhausted.

There is little doubt that the military action was inspired primarily by Dutch army elements, who believed they could easily complete the interrupted campaign of July 1947. But the Dutch reckoned without the strength and resilience of the Republican armed forces and guerrilla bands, particularly on Java, the reaction of the federal states, and the international repercussions. The Republican population was placed under martial law by the Dutch, who imposed rigid curbs on them. Any disturbances brought ruthless repression and immediate reprisals. But the triumph of the Dutch army was ephemeral.

The main military fact was the continued existence of the Republican forces. Avoiding extermination, they withdrew from the cities of Java and set out to move across the demarcation lines. The net effect of the Dutch drive into central Java was to bring Republican formations into the eastern and western Java areas the Dutch had captured in 1947. In Pasundan (Western Java), for example, the Republican forces soon controlled the countryside to such an extent that the recently created "state" government at Bandung became powerless to rule without their approval and consent. As early as January 1949 Jogjakarta and

Surakarta were under heavy attack at night, and in several instances quarters of these cities were recaptured temporarily by Republican forces. In Sumatra, too, large Republican formations roamed the countryside. By the early spring of 1949 it was evident that the Republican armies were an impressive barrier to Dutch control of Java and Sumatra. Moreover, the destruction wrought to estates, plantations, industrial and other economic establishments, and service installations by guerrilla actions was becoming so great as to cause Dutch business interests—until now staunch supporters of the “police actions”—to wonder about the wisdom of a policy of force.

Nor did the federal states react entirely as had been expected. Immediately after the attack of December 19 the Pasundan cabinet resigned in protest against Dutch policies. The cabinet that then replaced it proved unduly affected by Republican influence and resigned under Dutch pressure. In February 1949 civil authority in Pasundan was assumed by the Dutch commander at Bandung. A third cabinet that was created was still not devoid of Republican influence. In East Indonesia the prime minister, Anak Agung, resigned in protest against the December action. Later, although returning to office, he continued to oppose Dutch policies that seemed contrary to the Linggadjati and Renville terms. It became quite clear in the winter and spring of 1949 that the states held a kind of balance of power and that without Federalist approval the Dutch could not even approach control of the political situation. This approval the Federalists withheld. Republican recognition of the nationalism that now seemed to pervade the Dutch-created “Federal Consultative Assembly,” meeting in virtually continuous session at Bandung, was indicated by the Republic’s eventual agreement to admit the Federalists officially as a third party in future negotiations with the Dutch.

At the same time that the Indonesian military and political situation was developing in this fashion, international repercussions of the new Dutch military action were being registered at The Hague. At the request of the United States, the Security Council was called into session on December 19, 1948, the day of the Dutch move. The Council considered a resolution presented jointly by the United States, Colombia, and Syria, calling for a cessation of hostilities and immediate withdrawal of armed



forces to the respective sides of the demilitarized zones under the Renville Agreement. An Australian amendment, sponsored by Syria, also proposed immediate release by the Dutch of the Indonesian president and other Republican prisoners, and instructed the Committee of Good Offices to observe and report on the execution of this order, as well as to ensure that there were no reprisals against individuals. This resolution was the first ever seriously considered by the Council that proposed the imposition on one of the parties of a decision clearly unacceptable to it. The fact that the United States vigorously sponsored the resolution indicated a shift in American policy on Indonesia.

Washington was impelled partly by concern at Dutch disregard of the Council's earlier recommendations. More important, the latest Dutch move seemed likely to have the effect of encouraging the spread of Communist and other pro-Soviet influences in Asia. The United States government increasingly appeared to feel that only a policy of accepting the nationalist sentiments of millions in Asia could provide a basis for containing Communism in that part of the world. In addition, in considering the local merits of the Indonesian situation, American officials and observers who were in the best position to report found very little to say in favor of the Dutch stand. As a result, on December 22 American economic aid to Indonesia under the European Recovery Program, administered separately from aid to the Netherlands in Europe, was "suspended pending further developments."<sup>3</sup> Aid to the Netherlands, however, continued.

The strong resolution in the Security Council was supported by China, India, Australia, Canada, and even the United Kingdom, as well as by its sponsors, but failed when the Soviet delegate employed the veto to defeat it. As if in retaliation, the abstentions of the United States, Britain, and their supporters killed a strong and very similar Soviet resolution shortly afterward. On December 24 the Council finally adopted by a seven-to-nothing vote, with Belgium, France, the Ukraine, and the U.S.S.R. abstaining, a compromise resolution that combined a portion of the joint resolution with the Australian amendment. The resulting resolution called for the cessation of hostilities, immediate release of the Indonesian president and

<sup>3</sup> *New York Times*, December 23, 1948.

other political prisoners, and full reports by the Committee of Good Offices concerning compliance by the Dutch. After the passage on December 28 of further resolutions relating to a cease-fire order and the release of prisoners, the Dutch representative, Mr. van Royen, stated on December 29 that hostilities would cease in Java on December 31 and on Sumatra a few days later. On January 7, 1949 the Committee reported that Netherlands orders terminating the hostilities were unsatisfactory and that Republican officials remained under detention.

The Security Council debated the Indonesian question daily from January 7 to January 28, with seven members (China, Cuba, Egypt, Norway, United States, U.S.S.R., Ukraine) and four out of five invited nonmembers (Australia, Burma, India, Philippines) severely critical of Dutch policies. At the same time there were strong reactions from Asia at developments in Indonesia and the apparent inability of the Security Council to achieve effective results, despite its vigorous mood. Under the leadership of India a conference of Asian, African, and South Pacific nations met at New Delhi on January 20, 1949 to discuss the Indonesian question. Representatives of nineteen countries—including Australia and New Zealand—attended as participants or observers. Although American diplomatic influence had the effect of toning down the conference decisions, the members called for restoration of the Indonesian Republic, establishment of an interim federal government, general elections for a constituent assembly, a transfer of sovereignty, and the withdrawal of Dutch troops—all within specified and quite limited time periods.

This action of the Asian governments had its repercussions in the Security Council which, on January 28, 1949, passed a new resolution sponsored by the United States, China, Cuba, and Norway. Under its terms the Council called for the immediate cessation of military operations by the Netherlands and the simultaneous discontinuance of guerrilla warfare by the Republic. Political prisoners were to be released and returned to Jogjakarta, where Indonesian leaders were to have full freedom of administration of the Jogjakarta area and to use their authority to stop military action. The resolution also called for early negotiations on the basis of the establishment of an interim federal government with powers of "internal government in Indonesia"

by March 15, 1949; the completion of elections to an Indonesian Constituent Assembly by October 1, 1949; and the transfer of sovereignty to the United States of Indonesia not later than July 1, 1950. To assist in this program, the Committee of Good Offices was to be reorganized as the United Nations Commission for Indonesia. It would act by majority vote and possess wide powers of consultation, observation, and recommendation.

There was much debate on this resolution. The Netherlands representative continued to maintain that the Council lacked authority; but he also announced that his government expected to revise its timetable for progress in Indonesia. On the other hand, Cuba, Egypt, the Soviet Union, and the Ukraine expressed concern because the resolution did not require immediate withdrawal of Netherlands troops to the Renville lines. Still other governments, such as India, the Philippines, and Australia—all nonvoting observers—preferred the New Delhi conference proposals, which were somewhat stronger than the terms presented to the Council. The resolution was finally approved by votes ranging from ten to nothing on some paragraphs (France abstaining) to seven to nothing on other provisions (Argentina, France, the Ukraine, and the U.S.S.R. abstaining).

The resolution underlined the fact that the United States was giving up its policy of searching for the lowest common denominator of agreement acceptable to the Dutch for one of using pressure and inducement to impose on the Dutch, if necessary, terms considered desirable by the United States and the Council. The Dutch did not immediately respond and seemed to be following the statement made by their representative in the Council just before adoption of the resolution; namely, that the Netherlands government would carry out the resolution only "to the extent to which it is compatible with the responsibility of the Netherlands for the maintenance of real freedom and order in Indonesia, a responsibility which at this moment no one else can take over from us."<sup>4</sup> On February 26, 1949 the Netherlands government issued a plan that was, in effect, a substitute for that of the Security Council. Named after Dr. L. J. M. Beel, High Representative of the Crown in Indonesia, the Dutch plan proposed an early conference (including Republican and Federal

<sup>4</sup> Security Council, *Official Records*, January 28, 1949, p. 19.

delegates) at The Hague. The purpose was to discuss an accelerated program for independence, envisaging transfer of sovereignty by May 1, 1949. But the Dutch emphatically rejected the idea that the Republican government should return to Jogjakarta. The Beel plan fell upon deaf ears through nearly all of Indonesia.

On March 1, 1949 the United Nations Commission for Indonesia reported to the Council that no agreement had been reached on the establishment of an interim government. This situation, it was said, resulted from "the failure of the Netherlands government to accept the procedures of the resolution of January 28, and not from a mere difference of viewpoint on details of governmental structure and functions."<sup>5</sup> The majority of the Security Council reacted to this situation with nothing more than an innocuous resolution on March 23, 1949. But under the force of the various pressures within and outside Indonesia, Dutch policy was beginning to shift ground, and over a period significant changes took place in top Dutch personnel concerned with the Indonesian question.

When Dutch Foreign Minister Stikker visited Washington on March 31, Secretary of State Acheson spoke to him in the strongest terms about the urgent need for the Dutch to adopt an Indonesian policy more attuned to the realities of the situation, as well as to the wishes of the Security Council and the great powers. Pressure in the United States Senate for a change in the Dutch attitude was strong, and there can be little doubt that events in Indonesia were held up to the Dutch as an obstacle to ratification of the Atlantic Pact. The Dutch tendency to alter their policy was no doubt partly dictated by the rejection of the Beel plan by the Federal Consultative Assembly at Bandung. To add to these pressures, India and Australia on March 31, 1949 referred the Indonesian case to the United Nations General Assembly. This was a development the Dutch had been most anxious to avoid.

On April 14, 1949 Dutch-Republican negotiations were finally launched in Batavia under the sponsorship of the United Nations Commission for Indonesia. A week later the Dutch agreed to the return of the Republic to Jogjakarta if the Republic

<sup>5</sup> United Nations Commission for Indonesia, Report of March 1, 1949, S/1270 (mimeographed).

simultaneously accepted a cease-fire order and participation in a Round Table conference at The Hague. The size of the restored Republic was at first a subject of dispute, but the Dutch finally agreed to let the Republic resume authority in the Residency of Jogjakarta, an area of 3,168 square kilometers and approximately 2,500,000 people. Starting in 1945 with control over Java and Sumatra and a claim to the whole of Indonesia, the Republic had been steadily whittled down until four years later, for the moment at least, it was territorially only a fragment of its former self.

The Dutch concession opened the way for the Rum-van Royen Agreement, signed at Batavia on May 7, 1949. Under its terms the president and vice-president of the Republic, although still exiled on Bangka Island, gave their personal assurance that they favored the issuance of a cease-fire order to the Republic's armed supporters; Republican co-operation in restoring peace and maintaining law and order; and Republican participation in a Round Table conference at The Hague, designed "to accelerate the unconditional transfer of real and complete sovereignty to the United States of Indonesia."<sup>6</sup> Sukarno and Hatta undertook to urge adoption of such policies by the Republic "as soon as possible after its restoration to Jogjakarta." For its part, the Netherlands agreed to co-operate in facilitating the return of the Republican government to Jogjakarta; to cease all military operations and to release immediately and unconditionally all political prisoners arrested in the Republic; to refrain from establishing states in territory that had been under Republican control before December 19, 1948; to favor the existence of the Republic as a state that would take its place in the United States of Indonesia and to let this state be represented by one third of the members of the representative assembly of the U.S.I.; to do its utmost to promote the holding of the projected Round Table conference at The Hague immediately after the Republic's return to Jogjakarta; and to allow Republican civil, police, and other officials still operating in areas outside the Jogjakarta Residency to continue to perform their functions in these places during the transition period.

On the Republican side only Sukarno and Hatta (not the Republican government or, most important, its army comman-

<sup>6</sup> *Department of State Bulletin*, May 22, 1949, p. 654.



ders in the field) had subscribed to the agreement. And in Holland, joining Beel in his protests, many in the key Catholic party expressed disappointment and general lack of confidence in the government's policies.

The restoration of the Republican government to its former capital was the first step necessary to implement the agreement. From his exile in Bangka Premier Hatta gave absolute authority to the sultan of Jogjakarta, who had been a supporter of the Republic since its inception in 1945, to take over the Jogjakarta Residency from the Dutch and to prepare it for the return of the government. In Java the United Nations Commission for Indonesia and its various technical subcommissions worked out the details of the transfer of authority. Dutch and Republican delegations at Batavia agreed on exact steps for the evacuation of civilian personnel (mostly Chinese who had collaborated with the Dutch and preferred to leave Jogjakarta before the Republican return), the evacuation of Dutch forces, and the return of Republican troops. On July 3, 1949 the Republic was finally re-established in its capital; and amid scenes of great popular enthusiasm authority was restored officially to President Sukarno and the Hatta cabinet.

The next two weeks witnessed a speedy and orderly reconstitution of the Republic. The Republican Emergency Government, which had operated partly from Sumatra and partly from India since December 1948, returned from Sumatra. It had fulfilled its work of maintaining contacts with the guerrilla leaders, the Republican delegation at Batavia, and the Republican missions abroad. At this time, too, the guerrilla commanders from all parts of Indonesia assembled for consultations, the Republican cabinet prepared for its first meeting since December 1948, and the various political parties and factions determined the positions they would adopt toward the Rum-van Royen Agreement at the forthcoming meeting of the Republican legislative assembly.

Elite Republican troops resumed their patrol of Republican territory, and it became evident that no irreparable or even serious breach would develop in Republican ranks. On July 13, 1949 Sjafruddin Prawiranegara, head of the Emergency Government and a possible rallying point for Army and guerrilla opposition to the Sukarno regime, handed back his mandate to

the president. The leaders of the armed forces ranged themselves squarely behind Sukarno and Hatta, and on July 14 the government formally accepted the Rum-van Royen Agreement. For the moment, at least, the government faced no difficulties from the Communists, who had been defeated the previous October in the Madiun rebellion. The only serious criticism and opposition in Jogjakarta came from the moderate Socialist party of Sutan Sjahrir. The government, however, was not distressed at this opposition, which performed the signal task of rallying dissatisfied intellectuals and others who might otherwise have joined the Communists.

The next step in negotiating a settlement was a cease-fire agreement, announced on August 3, 1949. This accord somewhat alleviated the fears of a large sector of Dutch opinion that negotiations with the Republic would prove futile. But very strong reservations were still expressed in Holland, especially on the large conservative side of the lower house, pending "full and complete" compliance by the Republic with the cease-fire terms. In the Republic, on the other hand, emphasis was placed first of all on political results, and military results only later. This reflected the fact that in the minds of millions of Indonesians there could not be complete peace until there was a real political settlement; i.e., a final, unconditional transfer of sovereignty.

Meanwhile major local events were taking place in Indonesia. Late in July 1949 representatives of the Republican government and the Federal Consultative Assembly met in a series of conferences called successively at Jogjakarta and Batavia. These two sectors of Indonesian nationalism reached almost complete unity of views on the nature of the new state to be created in Indonesia after the transfer of sovereignty. Their agreement was embodied in a provisional constitution of the Republic of the United States of Indonesia, which was formally adopted by the Federal Consultative Assembly and the Republican delegations on October 29, 1949, shortly before the end of the Hague Round Table Conference.

The provisional constitution envisaged a federal state, the Republic of the United States of Indonesia (R.U.S.I.) based on the existing states (*Negaras*), including the Republic, and autonomous territories. The provisions for the division of powers indicated supremacy for the federal government. In the structure of

the latter, the principle of the separation of powers was followed, and provision was made for a regionally constituted legislature, an executive department dominated by a president with wide authority and only partially accountable to the legislature, and a judiciary with powers of review. Fundamental democratic rights were guaranteed. Finally, a constituent assembly was to meet as soon as possible after the transfer of sovereignty to draw up a permanent constitution for Indonesia. At best the provisional constitution was a temporary, makeshift document, more calculated to meet present requirements than the problems of the future. Even before the actual transfer of sovereignty, the new state-to-be was wrestling with the difficulties of a federal form imposed from the center and not from the states themselves; it was finding in the Indonesian body politic little of the spirit and few of the conditions necessary for a workable federalism.

As a result of the Republican-Federalist conferences, the Indonesians stood united at The Hague on all major issues regarding the structure of the new Indonesia, its relations with Holland, and the methods of transferring sovereignty. After nearly two months of long and sometimes acrimonious debates the three delegations of the Republic, the Federal Consultative Assembly, and the Netherlands—all encouraged and frequently prodded by the United Nations Commission for Indonesia—concluded a set of agreements at The Hague on November 2, 1949. The results of the conference were embodied in a charter for the transfer of sovereignty; a statute for a Netherlands-Indonesia Union, including agreements for future collaboration between members of the Union; agreements making operative the transfer of sovereignty and dealing with the many problems arising from so radical a change in relationships; and various special and additional points.<sup>7</sup>

In the charter for the transfer of sovereignty, the Netherlands undertook to hand over full power to the Republic of the United States of Indonesia by December 30, 1949 at the latest, and to recognize the new state on the basis of its constitution as a fully independent and sovereign state. Western New Guinea,

<sup>7</sup> *Resultaten van de Ronde Tafel Conferentie; met bijlage: Ontwerp der Constitutie van de Republiek der Verenigde Staten van Indonesie* (Kolff, Djakarta, 1949).

concerning which the delegations were unable to agree, was excepted from the transfer of sovereignty. At the prompting of the United Nations Commission for Indonesia, and despite many expressions of dissatisfaction from both sides, it was agreed that the status quo in New Guinea would be prolonged for another year, during which the Netherlands and the R.U.S.I. would negotiate a settlement. This decision left the projected Netherlands-Indonesia Union with a very large and difficult political task at the moment of its inception.

The statute of the Union established "organized collaboration between the Netherlands and Indonesia on a voluntary basis and with equality of status and rights." The parties were to remain sovereign and independent states, collaborating in foreign relations, defense, finance, and economic and cultural policies. The Queen and her legal successors were to stand at the head of the Union. The Union would have as its principal organ a periodic conference of ministers of both parties. This conference, whose members would remain entirely accountable to their respective governments, might establish commissions to further its work. The statute of Union further provided for regular consultations between members of the Dutch and Indonesian parliaments and prescribed a permanent secretariat headed, in rotation, by appointees of both parties. Differences between the parties arising in the implementation of the Union statute were to be settled by binding decisions of a Union arbitral court (composed of six members, three appointed by each party), to which the president of the International Court of Justice might appoint an extra member with the power of decision in the event of a deadlock.

To the statute of the Union there were appended detailed agreements on collaboration in foreign affairs (a commonly oriented foreign policy), defense (mutual aid in training and equipment, exchange of military missions), economic and financial relations, commercial policy, calculation of the Indonesian debt, and cultural relations. In one of the major decisions the R.U.S.I. recognized and undertook to re-establish the rights, concessions, and privileges accorded under the law of the former Netherlands Indies and still in effect at the date of the transfer of sovereignty. The R.U.S.I., however, was to have broad powers of review over these foreign economic rights and might curtail them

if they were in conflict with the general welfare. It undertook to nationalize enterprises only in cases of general need and after due process of law and compensation.

The agreements implementing the transfer of sovereignty included the following decisions: Indonesian nationality was established for Indonesian, and certain other, subjects of the Netherlands; each territory in Indonesia was given the right either to accept the Indonesian constitution or to establish a special relationship with the R.U.S.I. and the Netherlands; the self-governing rulers were relieved of their obligations to the Netherlands Crown, and the obligations of the latter toward the rulers were recognized and assumed by the R.U.S.I.; and the R.U.S.I. agreed to assume the obligations under international law undertaken for Indonesia by the Netherlands government. In addition, the position of Netherlands civil servants in Indonesia was guaranteed for two years; the Netherlands armed forces were to withdraw from Indonesia as rapidly as possible but would, upon request, furnish assistance to the new Republic in the maintenance of law and order and the organization of its own armed forces; and the Netherlands government was to sponsor the admission of Indonesia to membership in the United Nations.

Under the military agreements the function of the Netherlands armed forces in Indonesia was declared terminated, and they were to be evacuated, if possible within six months. Upon the request of Indonesia, as indicated above, the Netherlands would assist in maintaining law and order and in constructing and organizing the new R.U.S.I. armed forces. The armed forces fostered and established by the former Netherlands Indies government were to have an opportunity to go over to the R.U.S.I. forces on a voluntary basis, their matériel and equipment being transferred to the new government. The Dutch naval base at Surabaya was transferred to the R.U.S.I., to become its main naval base, but it was to be commanded initially by a Dutch naval officer appointed by and responsible to the R.U.S.I. government. Preceding discussions on the subject, Dutch naval properties at Surabaya were to remain Netherlands possessions.

When the Round Table conference ended only a few weeks were left before the end of 1949 for the transfer of sovereignty. Feverish activity now began both in the Netherlands and in In-



donesia. The bulk of the work in Indonesia was carried out by a National Committee for the Preparation of Independence, representing all the federal areas. The most weighty problem was the maintenance of law and order in the period immediately preceding and following the transfer. To facilitate the execution of this task, which was entrusted to the sultan of Jogjakarta, Republican armed forces were dispatched to many large cities and population centers and made to work closely with Federalist police and the forces of the former Netherlands Indies government, which they had lately opposed in the field. Despite the danger arising from activities of the Darul Islam, an extremist Islamic movement in central and especially western Java, the weeks preceding the transfer and the day itself passed entirely without incidents.

The first political task had been to ratify the Hague agreements. During November and early December 1949 the six federal *Negaras* (East Indonesia, Pasundan, East Java, Madura, East Sumatra, South Sumatra) and the nine autonomous territories (Central Java, Bangka, Billiton, Riouw, West Borneo, Dayak, Bandjar, Southeast Borneo, East Borneo) belonging to the Federal Consultative Assembly ratified the agreements, mostly by acclamation. On December 14, after several days of debate, the parliament of the Indonesian Republic (then also about to become a *Negara* in the federal R.U.S.I.) ratified the Hague agreements by a vote of 226 to 62, with 32 abstentions. The members of the Socialist party, led by Sjahrir, who had earlier opposed the Rum-van Royen Agreement, this time decided to abstain. The bulk of opposition came from the extreme left and the extreme Islamic right. No serious danger to the government's policy developed.

In the Netherlands the second chamber of the States General ratified the agreements on December 9 by a vote of 71 to 29, with the extreme right (Antirevolutionaries and a majority of the Calvinist Christian Historical party) and the Communists in opposition. The first chamber ratified by the extremely narrow margin of 34 to 15 (one vote above the two thirds majority required for passage) only a few days before the projected transfer date.

On December 16, at Jogjakarta, Sukarno was elected the first president of the R.U.S.I. by the duly empowered representatives

of the sixteen *Negaras* composing the Federation. The next day Sukarno appointed Hatta premier and minister of foreign affairs *ad interim*; the sultan of Jogjakarta minister of defense; Anak Agung minister of internal affairs; and the sultan of Pontianak minister of state. The full formation of the cabinet followed shortly. It appeared to be a cabinet of national unity, representing various regions and parties, and dominated by Republicans.

On December 27, 1949 sovereignty was officially transferred by the Queen at Amsterdam to Indonesian Prime Minister Hatta; and by Lovink, the Netherlands representative of the Crown at Batavia, to the sultan of Jogjakarta, representing the Indonesian government. Almost immediately a number of governments, including the United States, Great Britain, India, Canada, Belgium, the Philippines, Australia, and Pakistan, recognized the new state. But shortly before this a motion approving the results of the Round Table conference had been vetoed in the Security Council by the Soviet Union (which in January, however, extended recognition to the new state). On December 28, after four years of absence, President Sukarno made his triumphal reentry into Batavia, now renamed Jakarta, and the new government began to operate in its capital.

What were the conditions confronting Indonesia when independence came? The Indonesian people had suffered through years of Japanese occupation, political disorders, blockade, and war. In many areas the land had been ruined and the economy devastated. The nationalist movement therefore faced unparalleled problems of reconstruction. In a sense, the real test of Indonesian nationalism began on January 1, 1950.

The major problems confronting Indonesia in the first half of 1950, and the major efforts of the government<sup>8</sup> to solve them, can be discussed briefly under five broad headings:

1. *Maintenance of authority, internal peace, law, and order.* This was an imposing task in a large and heavily populated territory in which, until recently, lawlessness and sabotage of authority had been the order of the day. The Indonesian armed forces, moreover, were ill equipped, ill organized, and ill trained,

<sup>8</sup> The Hatta cabinet was replaced, early in September 1950, by the first cabinet of the unitary Republic of Indonesia, led by Premier Mohammad Natsir of the (Moslem) Masjumi party. The new cabinet was controlled by moderate politicians and parties.—*Ed.*

experienced mainly in guerrilla warfare. The government began as rapidly as possible to rationalize and reorganize its army, to incorporate within it former members of the Dutch-sponsored Indonesian forces (psychologically a difficult process), and to transform it into a modern, efficient armed force capable of waging positional warfare and defending Indonesia from external or internal aggression. Late in January 1950, forces privately recruited and led by a former Dutch army captain, Westerling, seized Bandung for a day in protest against the new government; in April and May there were armed rebellions by elements of the Dutch-sponsored Indonesian forces in South Celebes and the South Moluccas;<sup>9</sup> but despite these difficulties the government was able to maintain generally satisfactory conditions of law and order throughout Indonesia in the first half of 1950.

2. *General welfare.* Indonesia faced a formidable shortage of consumer goods and a persistent and vicious inflation. These hardships produced labor unrest that threatened the efficiency of Indonesia's production and the sound revival of her economy early in 1950. The government took steps in March to curtail the highly inflated supply of money, and followed up with quasi-devaluation measures designed to bring hoarded export goods to market, thus improving the country's foreign exchange position and import capacity. Consumer goods, however, remained in very short supply, so that the prevailing condition of public welfare left much to be desired. The economic problem was aggravated by the large number of soldiers who had to be reabsorbed into civil life. Strict governmental control of the economy was somewhat offset by the lack of a proper distributive apparatus and the increasing domination of the market by Chinese middlemen.

3. *Economic reconstruction.* Indonesia looked abroad for most of the assistance needed for long-range reconstruction. Shortly after the transfer of sovereignty the new nation obtained an American Export-Import Bank loan of one hundred million dollars, and several important reconstruction projects

<sup>9</sup> The rebellion of the self-proclaimed "Republic of the South Moluccas," established late in April, was ended only in November 1950, after the occupation of the island of Ambon by Republican forces from Java.—*Ed.*

were announced as the year progressed. Indonesia also began negotiations for aid from other foreign governments, and tried to encourage the investment of foreign private capital.

Indonesian production, the key to economic solvency and progress, rose steadily in the first half of 1950 and began to approach prewar levels in certain fields. But threatening clouds remained on the horizon. Labor was restive; machinery, equipment, and transport were lacking. East Sumatra, a crucial export region, was suffering from a labor shortage and a squatter problem. Many estate managers and operators were driven away by the continuing threat to law and order, notably in West Java; political conditions remained unsettled in the outer islands of East Indonesia and Borneo. Most important, perhaps, were the problems faced by estate owners who wanted to secure favorable land-lease contracts in order to plan future production. Many of these difficulties were no doubt closely related to the high prices of consumer goods confronting the peasant landowners of Java and Sumatra.

4. *Internal state structure and politics.* Early in the year it became evident that the federal state structure envisaged in the provisional constitution of 1949 could not survive in an independent Indonesia. Under overwhelming popular pressure, the *Negaras* of East and West Java, as well as the autonomous territory of Central Java, disbanded in the first quarter of 1950 and were absorbed by the Republican *Negara* centered in Jogjakarta. Pressure to the same end soon began in the federal areas of Central and South Sumatra and Borneo, and eventually spread to East Sumatra and East Indonesia, although in East Indonesia this political process was accompanied by serious disturbances including considerable fighting in Celebes. The broad popular movement in the states to join the Republic tremendously enhanced Jogjakarta's position and diminished the influence of the central federal government at Jakarta. Indonesia had a long tradition of centralism but none of federation; the unwieldy, costly federal structure was also inextricably linked in the public mind with Dutch colonial policy. With this in mind, Indonesia's leaders decided that only a unitary structure of state could provide stable, efficient, and popular government. By the middle of 1950, negotiations between the Republic and the central federal gov-

ernment were advancing toward the replacement of a federal by a unitary state, and a new constitution was being drafted.<sup>10</sup> Through this period the Republic continued to assert its supremacy over the federal government at Jakarta.

Meanwhile the domestic political life of Indonesia seemed threatened by the multiplicity of parties and the excesses of extremist elements, whether leftist revolutionaries, ultranationalists, religious extremists, or die-hard federalists. On the extreme left was a reviving Communist Party (P.K.I.) and a strong non-Stalinist revolutionary party (the Murba); but the parties of the moderate left (Socialist), the center, (National party),<sup>11</sup> and the religious right (Masjumi, United Islamic party), continued to enjoy the greatest popular support and the most effective organization. The government gave promise of remaining, at least for the immediate future, in the hands of moderate and, by now, experienced politicians.

5. *Foreign orientation.* In its international relations the new Indonesia attempted to initiate a policy of "positive neutrality" and to avoid participating in blocs. Its course appeared to follow India's closely. It also refused steadfastly to intervene or take positive positions on any questions except those affecting its own immediate interests. Efforts continued toward gaining admission to the United Nations.<sup>12</sup> The new government carefully avoided any step that might antagonize the Soviet Union, despite the latter's hostile attitude at the time of the transfer of sovereignty, and negotiations were begun for the exchange of diplomatic envoys between the two countries, as well as between Indonesia and Communist China. Meanwhile Indonesia maintained an attitude of cautious friendship toward the Western powers and counted heavily on American aid for reconstruc-

<sup>10</sup> The unitary Republic of Indonesia was proclaimed at Jakarta on August 17, 1950, five years after the proclamation of the original Republic of Indonesia by President Sukarno. It operated under a new but still provisional constitution, which incorporated most of the provisions of the former federal constitution as well as some of the more crucial features of the old Republic's constitution (particularly with regard to social welfare).—*Ed.*

<sup>11</sup> The National party, which was not represented in the Natsir cabinet, swung sharply to the left in the second half of 1950 and, by the end of the year, had become a part of the leftist opposition to the government in parliament.—*Ed.*

<sup>12</sup> Indonesia was admitted to the United Nations on September 28, 1950.—*Ed.*



tion and development. Avoiding a positive stand in favor of the Communist-dominated Viet Minh in Vietnam, Indonesia nevertheless left little doubt as to its own strong anti-French feeling and its sympathy for the independence struggle in the neighboring state.

Relations with the Netherlands in early 1950 were not of the best, despite a fairly successful but relatively unimportant first meeting of Union ministers in March. These relations were embittered by the activities of Captain Westerling (who received support from certain unreconciled Dutch military quarters) and by revolts in Celebes and the Moluccas (also abetted by certain Dutch elements). There were other grave problems in Dutch-Indonesian relations: the integration of Dutch-sponsored Indonesian troops into the Indonesian army; the future of Dutch civil servants and generally of all Dutch and Eurasian inhabitants of Indonesia; and, finally, the future of Western New Guinea, the most pressing question in Indonesia's foreign policy. Throughout the first half of 1950 the Indonesian government firmly asserted its claim to this territory, invoking the grounds of racial affinity, historical and cultural ties, and strategic interests. Pressing the question brought Indonesia to the verge of a serious diplomatic conflict not only with the Netherlands but also with Australia. It remained uncertain whether Indonesia could successfully withstand such a diplomatic conflict at this early moment in its independent history.<sup>13</sup>

Indonesian nationalism will probably continue to be deeply influenced by the heritage of its struggle for freedom and by the experience of the original Republic of Indonesia. The nationalist heritage has produced a pervasive, and easily understandable, suspicion of Dutch motives and actions and a fairly general skepticism of Western intentions. For a while at least, political alignments may continue to be based on past and present attitudes toward the Dutch rather than on positive goals for an independent society. There may also be a continuation of conspiratorial politics, including the formation and use of armed

<sup>13</sup> The issue of Western New Guinea remained unsolved after the deadline (December 27, 1950) set by the Round Table Conference Agreements as the target date for a solution by bilateral negotiations. Both Indonesia and the Netherlands continued their respective claims to sovereignty over the territory, and the deadlock seriously threatened the future of the Netherlands-Indonesia Union and Dutch-Indonesian co-operation.—*Ed.*

groups. One example is the Darul Islam, whose activities seriously threatened the authority of the new nation on the morrow of its independence.

The country's leaders are likely to be recruited largely from Republican ranks, in part because there are very few other potential leaders. Long the banner-bearer of independence, the Republican groups enjoy the overwhelming support both of the masses and of the articulate. A potentially large threat to the development of a democratic structure in Indonesia is provided by the Indonesian Communist party, which has continued to follow Moscow's strategic and tactical wishes. Never very large, the P.K.I. became important because of general conditions and the fact that it was able to attract sizable segments of the former Socialist party (once led by Amir Sjarifuddin), the Labor party, and the youth movement. Complete defeat of the Communist-led revolt of September–November 1948 undermined the P.K.I.'s strength and decimated its leadership. The grant of sovereignty to Indonesia at the end of 1949 undoubtedly further curtailed the party's appeal.

But any undue delay in alleviating unsettled conditions and the prevailing misery in Java might once more restore its following. New leadership, from the rather large group of intellectuals and younger politicians still wavering in their loyalties to the present Republican leaders, might then arise to direct a renewed attack against the democratic Indonesian regime. This prospect, enhanced by the victories of Communism elsewhere in Asia, can best be deferred and eventually negated by firm and wise policies of social reconstruction on the part of the Indonesian authorities, and by aid from the Western powers to the extent merited by Indonesia's importance in the maintenance of the security of the democratic world.

# INDIA

LAWRENCE K. ROSINGER



OVER the centuries India has played an extraordinary role in world development, for from early times it has been one of the main cultural centers of Asia. More recently, in the nineteenth century, control of India was a key factor in Britain's pre-eminence as a world power; in the twentieth century Indian independence has marked the decline of Britain and of empire in general. Today India is a symbol of the many problems faced by the new national states rising from the ashes of imperialism, at the same time that its potential power is a portent of the Asia of tomorrow.

On the eve of independence the British Indian Empire included the entire subcontinent from the borders of Iran to those of Burma, from the Himalayas to the Indian Ocean. With the end of British rule this vast region became two countries: the predominantly Muslim state of Pakistan in the northwest and northeast, and the predominantly Hindu state of India in the rest of the subcontinent.<sup>1</sup>

This new India contains a little less than a quarter million square miles and, according to an estimate for 1950, some 340,000,000 people, roughly one sixth of the population of the world. Rice is the leading crop, and wheat, millets, and pulses are also major foods. Tea, burlap cloth, shellac, hides and skins, and mica provide some of the principal exports. The country has valuable resources of coal, iron ore, manganese, and bauxite, but is seriously deficient in petroleum and many nonferrous metals. In general, however, India has or can obtain the essential resources required for industrialization.

<sup>1</sup> The various princely states ultimately joined one or the other of the new countries, with Kashmir's status alone remaining unsettled. See below, pp. 457-8, 470-3.

Within a framework of certain common traditions, India's population exhibits wide local differences of language and background. There are, for example, eleven principal Indian languages. Each is spoken in a fairly distinct geographical area by people who have a historical background of their own and a strong sense of belonging to a separate group. (The government hopes to develop one of these tongues, Hindi, into a national language.) Significant differences in religion cut across this regional and linguistic framework. Before partition, two thirds of the people of the subcontinent were Hindus, and something under one third Muslims.<sup>2</sup> In 1950 it was estimated that more than five sixths of the people of independent India were Hindus; something over one ninth were Muslims, and the remainder included followers of tribal religions, Christians, Sikhs, Jains, Parsees, Buddhists, and Jews. This religious diversity is not substantially greater than in many other countries, but the political repercussions of the Hindu-Muslim relationship have been explosive.

Hinduism and Islam are ways of life as well as religions. At the heart of Hinduism lie the caste system and the philosophy linked with it. Broadly speaking, a Hindu's social status is high or low according to his caste. Within this (or, in rare cases, in a specified caste other than his own) he marries; by caste his occupation is frequently pre-determined; and if he is orthodox he eats and drinks only with those of his own caste. At the lowest level of Hindu life there are about fifty million "untouchables," who are segregated and hold jobs that are considered ritually unclean (such as sweeping and tanning). Under the impact of changing conditions there has been a slow amelioration of caste disabilities, especially in the cities; and the new Indian constitution declares untouchability illegal. But the caste system remains an omnipresent fact of Hindu life.

The religion of the Muslims became powerful in India from the eleventh century, when Muslim potentates and adventurers swept over northern India. Islam is without caste (except at some of the lower levels) and differs from Hinduism in many matters of ritual and custom. It is a proselytizing faith, while

<sup>2</sup> In 1941, according to the census of that year, there were 254.9 million Hindus, 94.4 million Muslims, and 39.6 million persons of other communities in a total population of 388.9 million.

Hinduism acquires its adherents through birth or, in the case of tribes, through group acculturation. Indian Muslims, however, are mostly descendants of converted Hindus, and both groups are ethnically the same.

There is no doubt that the independent India of today faces a special problem of devising a political, social, and economic structure elastic enough to meet the needs of so diverse a population. This problem is all the more pressing because India's deep-rooted poverty, both in the cities and in the countryside, frequently has the effect of heightening group tensions.

Many Westerners and some Indians stress "overpopulation" as the crucial cause of India's poverty. Census statistics show that the percentage growth of the population of the Indian sub-continent since 1871 has not been unusually high for modern times, but that it has nevertheless been substantial, and that the absolute increase in numbers has been huge because of the massive human base from which the expansion proceeds. It should be noted, however, that while this population growth was occurring, Indian agriculture continued to operate in a pre-modern fashion and Indian industry underwent only a limited degree of modern development. The situation has not been one in which a rapidly expanding economy has been outstripped by population increases, but rather an example of a sluggish economy moving forward at a snail's pace. It would seem that India's chief need is to utilize its resources more effectively, to raise agricultural and industrial production as rapidly as possible, and to distribute output more equitably. If Western experience is a criterion, economic modernization is a prerequisite for the development of social attitudes favoring birth control.

Nine out of every ten Indians live in rural areas, and almost three out of four wrest their livelihood directly from the soil. The typical Indian is an impoverished villager living a simple, bare existence in a small rural community with few modern facilities. In 1941 the life expectancy of the average Indian at birth was twenty-six or twenty-seven years, and an estimated seven eighths of the population of the subcontinent could neither read nor write.

Agricultural backwardness, marked by outmoded techniques and systems of land tenure, is the greatest single cause of poverty



years, but basically the peasant does not have the modern implements and methods required for effective farming, and the typical landholding is appallingly small. Inevitably crop yields are very low. The prevailing land system is an obstacle to technical improvement, for it gives the peasant neither the means nor the incentive to change his methods. Rural indebtedness is widespread, and the average peasant proprietor is in no position to raise capital for such projects as new wells or pumping machinery. The landless laborer, of course, has no property to improve; and the tenant has no reason for ambition as long as the landowner takes a large part of the fruits of his labor.

Large landowners sometimes introduce improvements, but the old land system pays them well, and they are generally content with the traditional pattern of production. This is all the more true because the average holding consists of several scattered fragments. This makes it impossible to use modern agricultural machinery, even if the funds are available and the incentive present. But many simpler changes are feasible, given the money and the desire.

There are three main types of land tenure in India: the permanent *zamindari*, temporary *zamindari*, and *ryotwari* systems. (A *zamindar* is a landlord, and a *ryot* a peasant.) Under both forms of the *zamindari* system the holder of the right of occupancy pays rent to the landlord who, in turn, pays the government a land tax. Under the *ryotwari* system the owner pays a land tax (in effect a form of rent) directly to the government. The difference between the permanent and temporary *zamindari* tenures is that under the former the payment to the government is permanently fixed, while under the latter—as under the *ryotwari* system—the payment is reassessed from time to time. Within these general categories there are still further complexities that cannot be covered in a brief description.

Absentee landlordism has become ever more widespread, at the same time that the peasant has found himself increasingly in the grip of the moneylender and the merchant. There is a marked concentration of land ownership, which can be illustrated by an instance from the Punjab. In 1939 the topmost 6.3 per cent of Punjab landowners, with holdings of twenty-five or more acres, accounted for 52.8 per cent of the land of the

province, while the lowest 63.7 per cent, holding up to five acres each, owned only 12.2 percent of the land.

The rural situation may be summed up briefly in a statement made before partition by a leading authority on Indian agriculture:<sup>3</sup>

India is pre-eminently a landlords' paradise—nearly 70 per cent of the cultivated area being under their hold. India's agricultural economy has thus come to be characterized by the existence, at one end, of a flourishing class of landlords with no interest in agricultural development, and, at the other, a vast number of indigent people, illiterate, ill-equipped to struggle for existence, suffering from mal- and under-nutrition and thus falling a ready prey to famines and disease. . . .

If it possessed a well-developed modern industry, India could drain off a significant segment of its rural population into urban employment, and could also provide the countryside with the means of increasing crop yields and the output of cottage industries. But before independence India's industry, although advanced for Asia, was puny in comparison with that of truly industrialized countries. There were, however, a number of industries, providing a valuable nucleus for future development. These included iron and steel production, railways and railway repair shops, mining, sugar refining, hydroelectricity, and the manufacture of cement, matches, paper, and (most important of all) cotton and jute textiles.

As recently as the late eighteenth century, India had a relatively advanced economy. Its later backwardness was the product of two factors: the great industrial strides taken by a number of other countries, and the simultaneous reshaping of the Indian economy along restricted, colonial lines to meet British needs. Various modern features were introduced under British rule, but the emphasis was on a dependent India, serving as a source of raw materials and a market for British manufactures and investments. In 1939, in British India, only one-and-three-

<sup>3</sup> Sir Manilal B. Nanavati, in *Land Tenures in India* (Bombay, Vora & Co., 1946), p. 68. Reprinted from the Indian Famine Commission's Report, Vol. II, Part IV.

quarter-million workers worked in industrial organizations employing mechanical power and twenty or more workers.

England's interest in India dates from the seventeenth century, when the English East India Company set up a number of trading posts on the Indian coast. After the defeat of the Nawab of Bengal in 1757 and of French forces in 1760, plunder flowed from Bengal to England through Company exactions from its Indian subjects and the personal enrichment of Company officials. This exploitation had increasingly deleterious effects on many Indians and the Indian economy. Through the nineteenth and into the twentieth centuries British interests developed India as the world's most valuable colony.

Britain's economic stake in India has waxed and waned over the years and has been the subject of conflicting estimates. Thus, in 1930 British investments were variously reckoned at 540,000,000, 700,000,000, and a billion pounds.<sup>4</sup> At any rate the stake was huge, and probably more than nine tenths of all foreign investments in India were in British hands. Trade statistics also indicate the powerful influence of Britain on the Indian economy. In the two-year fiscal period from 1937 to 1939, for example, the United Kingdom far outstripped other countries by supplying 30.2 per cent of India's imports and taking 33.5 per cent of India's exports. Apart from investment and trade, the United Kingdom benefited from the shipping and insurance business with India, the salaries of British officials there, and British influence over Indian financial policy. Moreover, during World Wars I and II, India supplied Britain with manpower and materials; and particularly in the second World War its very location proved of immense strategic importance.

Politically, modern India dates from the unsuccessful Indian Revolt of 1857. Beginning among Indian troops of the East India Company, this rebellion for a time threatened British rule, a fact that the British never forget during the rest of their tenure in India. After the Revolt the British government took over formal as well as real political control of the subcontinent.

<sup>4</sup>For details on these estimates, see L. K. Rosinger: "Independence for Colonial Asia: The Cost to the Western World," *Foreign Policy Reports* (New York), February 1, 1944, pp. 297-8.

For a January 1950 estimate of British investments in India, see footnote 22, below.

Britain refrained from annexing additional princely states, further developed the long-standing policy of subordinate alliances with Indian princes, and consciously regarded the princes as buttresses of its own position. Crystallized at that time, the political structure of India remained essentially unchanged until the end of British rule.

The subcontinent had two main territorial divisions: British India and the Indian States. British India, the areas taken over by the East India Company before the Revolt, contained 54.7 per cent of the land and more than three fourths of the population in 1941. Its supreme official was the governor-general, appointed from London; he was assisted by an Executive Council that was originally entirely British but later included some Indian members. The governor-general was also the head of a civil service, whose personnel (ranging from top officials down to district officers) formed the day-to-day permanent governmental corps. This bureaucracy was of enormous importance in setting the tone of British rule. There was an increasing tendency to include Indians in government and to develop various legislative adjuncts of the governor-general as semirepresentative bodies. But final, decisive power—exercised directly or indirectly—never ceased to lie with British authority.

The Indian States embraced over seven hundred thousand square miles and ninety-five million people. In theory they were subordinate to the governor-general (known as the viceroy in this connection) only in foreign affairs. In fact, British residents or advisers, operating under the viceroy, guided the states in all spheres that were considered important for over-all Indian policy. Some states took progressive steps in education, irrigation, industry, and other fields, but most were medieval autocracies in which the people paid heavily to maintain their rulers in luxury. One major factor preventing change within the states was the British guarantee of the position of the princes.

The force that was ultimately to destroy the system of princely states was that of nationalism. In India, as elsewhere, it began as a middle-class movement. Teachers, officials, lawyers, journalists, merchants, clerks, industrialists, and others, influenced by Western ideas and by the desire to play a larger role in the life of their country, moved slowly toward some kind of organized activity. The result was the formation, in 1885, of the

Indian National Congress, which later became the principal political party of Indian nationalism.

At first the Congress was a very moderate body. Its early members thought in terms of reducing the political lethargy and economic and social backwardness of India as a means toward a higher position for their country within a beneficent British Empire. The idea of independence was as alien to them as to Washington and Franklin in 1760. But gradually—as the Indian middle class grew, as the world changed, and as British official attitudes altered—the Congress developed a militant wing. Indian nationalists supported Britain during World War I; but when the Congress saw that its aid did not bring British concessions, discontent mounted. Wartime expansion also encouraged Indian industrialists to look for a government that would be more responsive to their interests. In 1916 the radicals within the Congress defeated the moderates, and *Swaraj*, or Home Rule, became the declared objective of the nationalist movement.

During World War I Mohandas K. Gandhi, the greatest leader of Indian nationalism, came to the fore. He began to bring the message of the Congress to the peasantry, thereby helping to build nationalism into a genuine mass movement. He contended that by nonviolent means—peaceful strikes, boycotts, and so forth—Indians could frustrate the operations of government and force it to make concessions. His pacifist approach had a wide appeal, for it gave Indian nationalists a weapon despite their lack of arms, and was in keeping with the traditional Hindu religious aversion to violence. To wealthy Indian supporters of nationalism it was also reassuring, for it suggested that mass agitation against the British would not be allowed to get out of hand.

After the war India seethed with economic and political unrest, which minor British concessions could not allay. Passive resistance became the battlecry of the Congress, but both the nationalists and the government employed violence. An organized labor movement developed; during 1918–21 many strikes occurred in response to high prices and difficult living conditions, as well as the spirit of nationalism. In this period the All-India Trade Union Congress was founded, and also the Indian Communist party. Within the labor and nationalist movements there was a gradual development of socialistic ideas. In 1929 the Congress



voted a program of complete independence in place of its previous demand for Home Rule; and during new civil disobedience campaigns in 1930-4, those arrested and jailed ran into the thousands.

Some of the complexities of Indian nationalism before independence are suggested by a comparison of Gandhi and Jawaharlal Nehru, who was elected president of the Congress in 1929 and gradually became the second most important leader of the party. Both men were nationalists. Gandhi was also a pacifist, an ascetic, and a religious man. Nehru was none of these. Gandhi's economic ideal was the old Indian village society, emphasizing handicrafts; Nehru was a man of socialistic outlook who hoped to see an industrialized India. Both men were Western-trained lawyers, but Gandhi increasingly threw aside the outward signs of this influence. Nehru, for his part, had an international orientation that was lacking in Gandhi. Although Gandhi defied categories, he was basically a conservative nationalist, closely associated with wealthy businessmen who supported the Congress. Nehru, during the struggle for independence, was a radical nationalist. But he accepted Gandhi's leadership, as did thousands of other Congress members who rejected or were even repelled by Gandhi's pacifism, economic outlook, and many inconsistencies. For Gandhi had helped to make nationalism a mass movement and to give Indians a sense of self-respect they had not possessed for decades.

Constitutional legislation passed by the British parliament in 1935 broadened the area of responsible government in the eleven provinces that made up British India. When elections were held in 1937 the Congress won a sweeping majority in seven provinces, and it later formed a government in one of the remaining four. Its program emphasized economic reform and pledged improvements in the condition of peasants and workers. The new Congress ministries, although registering some progress in such fields as civil liberties and social and agrarian laws, were predominantly conservative. Within the party there was considerable ferment over policy, and in 1938 Subhas Chandra Bose, a left-winger, was elected president. Gandhi was later able to force Bose's resignation.

The outbreak of World War II brought rapid changes in Indian politics. The Congress was anti-Fascist in outlook and

sympathized with Britain against Germany and Italy. But it objected to Britain's action in declaring India at war without consulting Indian opinion, and it refused to support Britain unless given assurances that this would advance the cause of Indian independence. When the London government refused to declare Indian freedom one of its war aims, the Congress ordered its provincial ministers to resign, and in most provinces the British governor took over the administration.

During the war there was a marked increase in the strength of the Muslim League, which was competing with the Congress for Muslim support. The League, founded in 1906 by wealthy Muslims on a program of defending Muslim rights, had reached agreement with the Congress on a common program in 1916, and the two organizations had co-operated closely for several years. Later the League had withdrawn from the pact. In the 1930's, after a period of inactivity, the League was revived by Mohammed Ali Jinnah, once a vigorous supporter of Hindu-Muslim co-operation and a moderate member of the Congress. Jinnah had left the Congress in 1920; subsequently he used his great political talents to oppose the Congress on the ground that it stood for "Hindu domination."

The League was an important Muslim organization, but nevertheless for a long time only one of the voices of the Muslim community. In 1937 it failed to win elections in any of the Muslim-majority provinces, and less than one fourth of the victorious Muslim candidates had been backed by the League. After 1937 it grew, partly through its contention that the Congress's provincial ministries were hostile to Muslim interests. This the Congress denied, pointing to the presence of important Muslims in its ranks.

It was true, however, that the Muslims had always been a far smaller segment of the Congress than of the country as a whole. The leadership of Gandhi also had certain religious features that reflected his Hindu background and faith. Apart from these considerations, the Muslim community for historical reasons had a generally inferior economic position in India. Under Jinnah, the League skillfully used all the material at hand to arouse a sense of Muslim nationalism, especially among the urban Muslim middle class.

London's insistence on League-Congress agreement as a

prerequisite to a British-Indian agreement gave the League a virtual veto power at many points during World War II. As the League grew stronger and advanced its position more boldly, its relations with the Congress sharpened. At its Lahore session, in March 1940, the League for the first time demanded the establishment of Pakistan. It did this by advocating the creation of "independent States" from the Muslim-majority areas in northwest and northeast India. But even though India was ultimately divided into two separate countries, it should be noted that for a considerable period Jinnah seemed to consider it possible to realize Muslim aspirations for autonomy within a loosely federated, but politically united India.

The wartime relations of the Congress and Britain went through many phases. In July 1940, after the fall of the Low Countries and France, the Congress stated that it could not "go the full length" with Gandhi in a pacifist policy. It offered to cooperate with Britain in defending India, provided that a provisional national government was formed and complete independence pledged. The British response proved unacceptable to the Congress, and in October a program of individual civil disobedience was launched. Thousands of Congress leaders, including Nehru, were imprisoned after offering themselves for arrest by committing purely symbolic acts of civil disobedience.

Nehru and some others were released several days before Pearl Harbor. In January 1942 Gandhi resigned from the Congress leadership, reflecting the strong desire within the party for an alignment with the Allies. In March, with the Japanese advancing rapidly, Britain sent the Cripps mission to India to present official proposals to the Indian parties. These involved the creation of an "Indian Union"—a new Dominion—after the war. No province or state would have to join, and nonacceding provinces could draft their own constitutions and enjoy the same status as the Indian Union. This point represented a concession to the Muslim League. The governor-general's Executive Council would consist almost entirely of Indians, representing the leading parties and groups, and there would be an Indian defense minister. Britain, however, was to continue to control and direct the defense of India.

Many organizations took part in the discussions with Cripps. Almost all, including the Congress and the League, re-

jected the proposals. The Congress considered the immediate terms inadequate and grudging, and argued that nothing less than real power could win Indian support for the war. On August 8, 1942, the All-India Congress Committee passed a resolution demanding that Britain "quit India," on the threat of a mass civil disobedience campaign.

Early on August 9 the government of India arrested Nehru, Gandhi, and other top Congress leaders. This was followed by violent attacks, organized by the Congress Socialists, against police stations, railways, and other installations. By the end of the year sixty thousand Indians had been arrested. Britain took the position that the Cripps proposals were still open; but Congress would have to withdraw its civil disobedience resolution and reach an agreement with the Muslim League before new talks could take place. In June 1945, when the top Congress leaders had been released once more, talks were initiated on a British proposal for an Executive Council containing equal numbers of caste Hindus and Muslims and consisting entirely of Indians except for the governor-general and the commander-in-chief. These talks failed chiefly because the Muslim League insisted that it name all the Muslim members of the Executive Council. The Congress refused to be forced into the position of speaking only for caste Hindus.

Meanwhile the war was having important effects on India's economy. India was able to redeem most of the sterling debt long owed to Britain, and it became a large-scale creditor of Britain as a result of British wartime purchases. With food and other crops in strong demand, the landlords were in a favorable position. The powerful Indian industrial firms, such as Tata, Birla, and Dalmia, looked forward to a postwar period of economic expansion. But since Indian industry concentrated on producing supplies for the military effort, the output of consumer goods was sharply cut, and prices rose. In 1943 Bengal suffered a catastrophic famine—the result of bad weather, hoarding and manipulation, inadequate transport, official negligence, and the wartime cessation of rice imports from Burma. Some elements of the Indian population probably ate better during the war than before, but the Indian people in general paid for the war in emptier stomachs and a lack of consumer goods. Millions of Indians were bitter, viewing these wartime difficulties as a price

imposed on them by an outside power for a cause that was not in India's interest.

Although at the end of the war no one could be sure how soon India would achieve political independence, the world conflict had clearly weakened Britain and unleashed new forces of nationalism in colonial Asia. To the dissatisfaction of the Congress, however, the new Labor government at first moved slowly in its India policy, although promising maximum efforts toward early self-government. Violence was in the air: the danger of a new famine led to huge demonstrations in Allahabad and Cawnpore. A major mutiny broke out in the Indian Navy in February 1946, revealing Communist and other left-wing influence.

In India, as elsewhere in colonial Asia, a key postwar issue was whether Asian nationalism would win power by violent or by peaceful means. New Indian elections in late 1945 and early 1946 produced a Congress sweep except in the Muslim constituencies, where the League was largely victorious. In the spring of 1946 a three-man cabinet mission, again led by Sir Stafford Cripps, arrived in India. The mission proposed, in effect, the creation of an India and a Pakistan bound together by a federal government of very limited powers. An Interim Government was to operate until a constitution had been drafted. Because the plan called for a united India, the Congress agreed to it, although reluctantly. The League agreed at first, but later rejected the proposals on the ground that the Congress was being favored.

An Interim Government was set up in September 1946, with Nehru as vice-president of the governor-general's Executive Council. The League later participated, but the result was a juxtaposition of two irreconcilable political elements, and not a real Congress-League coalition. In February 1947, confronted with the possibility that the Interim Government would break up, Prime Minister Attlee announced that Britain would withdraw from India by June 1948. He also stated that if the Indian parties had not drafted a constitution by that time, Britain would determine whether power should be transferred to a central government, or to provincial governments in some areas, or in some other manner. Since this made partition a distinct possibility, intense Congress-League competition developed in the



Muslim-majority Punjab and North West Frontier provinces. Terribly destructive communal rioting resulted in both areas.

Through talks with the Indian parties, a new British governor-general, Lord Louis Mountbatten, evolved a partition plan, which was announced in London and New Delhi on June 3, 1947. Representatives of the Congress, the League, and the Sikhs soon accepted the proposals. Although the terms did not specifically exclude a united India, it was understood that the outcome would be two separate countries. The Muslim League welcomed partition as the realization of its political aim, despite the fact that it had been obliged to accept a division of the Punjab and Bengal instead of receiving the whole of these provinces. The Congress welcomed the creation of a politically independent India, and accepted partition as a necessary evil in achieving this main goal. Under the Mountbatten proposals both India and Pakistan were to be Dominions, with the power to decide in due course whether they would remain in the Commonwealth. The plan did not include the Indian States, whose rulers were to determine individually whether to join India or Pakistan, or to stay apart and arrange a special relationship with Britain.

The day of independence was one of triumph for Indian nationalism, but freedom brought painful problems. Even before partition terrible communal riots had broken out in the Punjab, with Hindus and Sikhs ranged on one side and Muslims on the other. The actual division of the province produced a holocaust. Serious rioting on a lesser scale also occurred in other northern areas at this time and later in partitioned Bengal. Hundreds of thousands died in these massacres, and millions were caught up in one of the largest and most fearful migrations of history.

During the mass flight of 1947-8, between five and six million Hindus and Sikhs are estimated to have moved to India from Pakistan, and about an equal number of Muslims to Pakistan from India. New riots that originated in the East Bengal area of Pakistan in late 1949 and early 1950 spread to West Bengal. The result was a further flood of refugees in both directions. By mid-May 1950 the additional influx into India was estimated at well over 1,500,000 persons. The total continued to rise throughout the year, although the rate of increase slowed down after the

minorities agreement of April 1950 between Prime Minister Nehru and Premier Liaquat Ali Khan of Pakistan.<sup>5</sup>

The Indian government assembled the refugees in camps and provided doles. Efforts were also made to build houses for refugees, to give them technical and vocational training, and to settle some on the land. But such projects reached only a small segment of the refugee population. During 1949 the government considered it feasible and necessary to reduce sharply the number on the dole as well as the total living in camps.

Most refugees existed in miserable conditions, unincorporated in Indian life economically or psychologically. It is true that only a limited part of India was involved directly in the various riots and migrations. Yet the entire country was affected by the burden on the budget and by the further generation of communal tension. The assassination of Gandhi less than six months after independence by an anti-Muslim Hindu reflected the distorting effects of the refugee situation, and other India-Pakistan tensions, on Indian political life.

The refugees were not the only formidable problem confronting the new Indian government. The general shortage of administrative and technical personnel to take over from the British was another. A third was the question of the Indian States.

Early in July 1947 a Ministry of States had been established under Vallabhbhai Patel, a veteran Congress leader and the organizer of the party machine. Before partition Patel and his aides had already negotiated the accession of most of the princely areas that the Congress expected to incorporate in India. The two great exceptions were Hyderabad, which India later took over, and Kashmir, whose future is still unsettled. Altogether less than a dozen states entered Pakistan, for most of the states had a predominantly Hindu population and were located in the geographical orbit of the Dominion of India.

The accession agreements provided only for Central Government control of the foreign affairs, defense, and communications of the states. There followed, step by step, actions designed to reduce the number of states and to integrate them politically with the rest of India. Some states were merged with neighboring provinces, others were formed into states unions, and still others

<sup>5</sup> See chapter on Pakistan, pp. 511-12.

were placed under direct central control. It soon became evident how weak the princes were without the prop of British support, and most of them accepted a marked change in status as inevitable. In a few cases in which rulers wished to avoid accession, timely popular pressure within the states helped to subdue them.

The general result was that the princes were pensioned, retaining their private property, but not that belonging to the states. In the states unions the old rulers chose one of their number as the chief official, operating with limited and sometimes nominal powers. The princes as a group lost greatly, but retained more of their rank and wealth than they might have expected; and many of them, as well as their relatives, were given positions in the new Indian government at the center. The effect was to break the pattern of British rule, transforming the princes into dependent, and greatly weakened, allies of New Delhi. Patel's handling of the states was a political victory, which helped to assure the stability of the new regime.

The governing party in India, the Indian National Congress, entered the era of independence with enormous prestige. Like all nationalist movements, the Congress was extremely heterogeneous. Most of its members were lower middle class people, peasants, or workers. Its leadership, predominantly from the professions, contained a strong element of Indian industrial and commercial influence. The general Congress ideology, which was egalitarian and semisocialistic, had a tremendous appeal for the rank and file of the party. For example, less than a year before independence the Congress had called for "economic equality," which it defined as "the levelling down of the few rich in whose hands is concentrated the bulk of the nation's wealth on the one hand, and the levelling up of the semi-starved naked millions on the other."<sup>6</sup>

The general attitude of the Indian public in August 1947 was one of trusting strongly in the Congress and expecting early results, in keeping with the party's promises before it came to power. There was, of course, some opposition to the Congress, but its competitors were weak. On the left stood the Indian Communist party, and on the right two anti-Muslim groups, the Rashtriya Swayam Sewak Sangh (abbreviated R.S.S.S. or, more

<sup>6</sup> *Congress Handbook 1946* (Allahabad, All India Congress Committee, 1946), p. 278.

frequently, R.S.S.) and the Hindu Mahasabha. There were also the Indian Socialists, who were still members of the Congress at the time of partition but were in the process of breaking away. How strong any or all of the opposition groups might become would depend in large part on economic conditions and the state of India-Pakistan relations.

Economically, partition had serious effects. India was fortunate in obtaining about nine tenths of the factories (and industrial workers) of the subcontinent, for the major cities were in its territory; but agriculturally its situation was less satisfactory. Pakistan received seventy-six per cent of the jute land and twenty-three per cent of the cotton land, producing about eighty and forty per cent of the respective crops in 1946. India also received a somewhat smaller proportion of the rice and wheat area than it did of the total population. The assignment of areas was, of course, determined by the facts of religious affiliation.

After independence India was dependent on Pakistan for part of its food, cotton, and especially jute. Jute well illustrates the shattering of the old economic unity, for the bulk of the crop was grown in land that went to Pakistan—East Bengal—while a large part of the fiber was processed into burlap products in the jute mills of Indian Calcutta. Beyond this there was no aspect of the economy that did not feel the repercussion of partition. The effects were manifest in India's internal and foreign trade, transport (railways, shipping, and air lines), currency, banking, revenues, and expenditures. Assets of every description were divided between the two governments. The economic shock was especially great in the Punjab and Bengal, provinces which themselves underwent partition.

Many immediate economic problems arising from partition were handled with reasonable effectiveness, as time passed and the necessary adjustments were made. But India's fundamental economic problems, though gravely accentuated by partition, were not the result of the division of the country. In these cases much more than adjustment was required. For example, even before partition food had been a key difficulty, as the Bengal famine had indicated in extreme form. India had not been self-sufficient in food grains before World War II; after the Pacific War began it had suffered greatly because grain was unavailable

from Burma and other parts of southeast Asia; and following the war unsettled conditions in neighboring areas, particularly Burma, continued to make food imports a problem. Another gradual influence on the food situation was the long-term growth of population without a corresponding increase in agricultural production. The partition of the subcontinent also played a part, as did crop failures in certain areas, especially in 1950.

The food shortage was linked with a larger supply and price situation that had developed during the war. After 1939 currency inflation and price increases had gone hand in hand. Controls had been introduced in 1943, with the result that the prices and distribution of food, cloth, yarn, and other articles were regulated. Although rationing was markedly successful in checking prices at the 1943 level, by that year they were two-and-a-half times their prewar level in the open market and still higher in the black market.

In the Interim Government of 1946-7 the Congress party had indicated its distaste for controls, and after partition industrial and commercial circles pressed hard for a relaxation of policy. In December 1947 the government announced that it would carry out progressive decontrol of food and other consumer goods. The official theory, with respect to food, was that after decontrol took place hoarded grain would again become available. The price increases that followed were widespread and dangerous. The official general wholesale price index soared from 302.0 in November 1947 to a peak of 389.6 in July 1948, a rise of twenty-nine per cent. Cereals alone rose 49.4 per cent in this period, and food as a category 32.5 per cent. In the summer of 1948 recontrol of cloth began, and in September of food. The restoration of controls averted further marked price increases for a time, but there was no return to the levels prevailing before December 1947. In March 1949 the price index fell as low as 370.2; but in November it was up to 390.2, and it reached an all-time peak of 412.5 in September 1950.

Rationing had been aided by good crops in 1944 and 1945, but 1946 and 1947 were poor crop years in which famine was narrowly averted. As already noted, 1948 was mostly a year of decontrol and soaring prices. The food situation in 1949-50 was marked by low rations and high prices on the black market, from which consumers supplemented the legal quotas. Natural



calamities in 1949—for example, a monsoon failure in Madras—played their part, as did hoarding and speculation. The latter features were especially evident in the sugar shortage that began late in that year.

There was a wide gap between India's food production and its needs. During July 1948–June 1949 twenty-one per cent of India's maritime imports consisted of food grains. Total grain imports in 1948 were 2,800,000 tons, and in 1949 3,700,000 tons. The target for 1950 was a reduction of imports to 1,500,000 tons.

As far back as 1942 the British Government of India had launched a five-year Grow-More-Food Campaign, in an effort to bridge the food gap. There were no appreciable results. Again, at the beginning of 1947, the Interim Government set a production goal of four million extra tons of cereals for undivided India by the end of 1951. In 1948 an official Foodgrains Policy Committee called for an annual increase of ten million tons in the shortest possible time, to remove the "constant threat of scarcity, famine and helpless dependence on imports."<sup>7</sup> In March 1949 an official policy was announced, looking toward self-sufficiency by the end of 1951. After that year no foodgrains were to be imported except to meet a grave emergency or to create a central food reserve. Provinces and states were to plan food production and to strengthen their enforcement of procurement and rationing measures.

Other steps were to include the encouragement of intensive cultivation in selected areas, land reclamation, the boring of additional wells for irrigation, the promotion of such crops as bananas, sweet potatoes and tapioca, and some alterations in popular eating habits. Land reclamation was covered in a separate seven-year program for putting almost three million acres of weed-infested land into production; and the more difficult task of recovering land in jungle, or tall-grass, areas was also undertaken. The reclamation program was aided by a loan of ten million dollars from the International Bank for Reconstruction and Development in 1949.

It was already clear, late in 1949, that while some of the efforts to increase food production might bring results, self-

<sup>7</sup> Quoted in Roland Owen: *India: Economic and Commercial Conditions in India* (London, His Majesty's Stationery Office, 1949), p. 78.

sufficiency by the beginning of 1952 was unlikely—unless it was attained artificially through sharp cuts in food consumption in a country that already had too little to eat. Moreover, during 1950 the entire food prospect was altered for the time being by floods, droughts, and other natural calamities. The government estimated that almost six million tons of food grains were lost as a result. Since the total quantity required for rationing purposes was about nine million tons, there was a marked possibility of famine in 1951. The rationing system covered 125,000,000 persons, of whom some 45,000,000 received almost all their grain from rations, and grain comprised about three fourths of the Indian diet.

The already low, standard grain-ration was cut from twelve to nine ounces daily on January 19, 1951, and the special ration for manual workers was reduced from sixteen to thirteen ounces. In an address announcing the ration cuts Food Minister K. M. Munshi noted that "there have been frequent breakdowns in rationing and distribution of foodgrains during the last few months almost all over the country."<sup>8</sup> Later in the month he remarked that India was living "from ship to mouth."<sup>9</sup>

The government declared that it was purchasing 3,700,000 tons of grain abroad to meet the shortage, but that it lacked funds to obtain the remaining two million tons. On December 16, 1950 Indian Ambassador Pandit asked the United States Department of State to make this additional quantity of grain available to India. The Indian food situation drew considerable attention in the United States, and on February 12, 1951 President Truman asked Congress to authorize a grant of two million long tons of grain to India, with an immediate appropriation for the first million tons. Appropriation of the balance was to wait until further clarification of the Indian food situation.

Once the immediate food crisis has passed, India's long-term food problem will again come to the fore. The difficulties of increasing production are partly technical—inadequate irrigation, lack of proper implements, poor-quality seeds, and other factors. But there are also crucial social and economic impediments. Impoverished, illiterate peasants without incentives to change from age-old ways do not readily become modern farmers.

<sup>8</sup> *The Hindu* (Madras), January 20, 1951.

<sup>9</sup> *The New York Times*, January 29, 1951.

Independent India therefore faces the problem of agrarian reform for a peasantry consisting mostly of tenants or landless laborers, and possessing impossibly small holdings when it does own land. The peasant needs protection against rack-renting, illegal extortions, and unlawful eviction. In 1947 the Congress president appointed an Economic Program Committee, whose recommendations for agriculture included: the elimination of all intermediaries between the state and the cultivator; the replacement of all middlemen by nonprofit bodies such as co-operatives; higher agricultural prices; and higher wages for agricultural laborers. In addition, the Committee stressed the problem of doing something about absentee landlordism and suggested that a maximum size be set for holdings. In 1948 the Congress president appointed an Agrarian Reforms Committee, which also recommended changes.

The Minimum Wages Act of 1948 required the provinces and states to fix minimum rates of pay for agricultural laborers. Action on other agrarian reform questions was left to the provincial and state governments. Madras and the United Provinces (renamed Uttar Pradesh) passed zamindari abolition laws, and legislation was initiated in some other areas. In Madras the government was to compensate the zamindars, and the new peasant proprietors were thereafter to pay their customary rent to the government. In Uttar Pradesh a tenant was to receive full rights of ownership if he made a lump-sum payment equal to ten times his annual rent. For the next forty years he was to pay annually to the government as land revenue a sum equal to half his rent. (After that new arrangements would be made for another forty-year period.) A tenant not purchasing the rights of ownership would pay to the government land revenue equal to his previous rent. The zamindars in this province were to receive as compensation a sum equal to eight times the net annual income of their land, and those zamindars paying an annual land revenue of less than Rs. 5,000 were also to receive a rehabilitation grant.<sup>10</sup>

<sup>10</sup> The United Provinces (Uttar Pradesh) zamindari abolition committee, whose investigations provided the basis for this legislation, declared that out of eighteen to nineteen million persons on the land in the area two million were zamindars, nine-and-a-half million tenants, three million subtenants, and between four and five million landless laborers. Against the zamindari system the committee advanced the argument that it restricted incentive,

The legislation in Uttar Pradesh was designed not only to effect land reform, but also to work against inflation by draining off the supposed surplus cash of the peasantry. The assumption was that the peasants had large wartime savings and would be attracted by the terms of the agrarian law. It was doubtful that such savings existed on a significant scale, and in any case only a small section of the peasantry came forward to pay for rights of proprietorship. Since the law, if successful, would apparently have the principal effect of making the state the landlord, instead of the zamindar, it seems likely that most peasants lacked the incentive as well as the means to qualify for ownership.

Genuine agrarian tenure changes have not yet taken place in India, partly because of the difficulty of giving extensive compensation to the present owners. Moreover, in Uttar Pradesh the implementation of the land legislation has been held up by a court injunction obtained by interested zamindars. The laws that have been passed deal with only a portion of the zamindari area (e.g., no action has been taken in zamindar-ridden West Bengal), and in the ryotwari areas—which also have serious problems—there has been little consideration of reform. Actual transfers of land to the peasantry, up to the end of 1950, were negligible. Moreover, no significant action has been taken to reduce rents or interest rates.

On the political level an effort is being made in Uttar Pradesh to promote village self-government through the organization of *panchayats*, and similar efforts are to be made elsewhere. The panchayat—a five-man council originating in pre-British days—is regarded by some Indians as a traditional institution that can be revived as an instrument of democracy. A panchayat act was passed in Uttar Pradesh in 1947, and in February 1949 elections for panchayat members were held. It is still too early to estimate what the panchayats will mean, but their establishment in this area was conceived as part of a program involving the zamindari reforms already discussed.

It is difficult to assess the temper of the Indian peasantry, but there is reason to think that the countryside is much less

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supported “social drones” neglectful of the land and the tenant, deprived the government of revenue, resulted in bad social effects because of the concentration of land and wealth, and led to unjust evictions, litigation, and other undesirable practices.

docile than it used to be and that, like the rest of the country, it is impatient for improved conditions. Politically, the Congress is by all odds the dominant force in the rural areas. But in Uttar Pradesh and some other places the Socialists have won a peasant following; while the Communists have been active in sections of rural Madras, Hyderabad, and Bengal.

Unrest in parts of India and the widespread talk of agrarian reform probably have had a restraining effect on some landlords in their relations with the peasants. Economically, it is sometimes said that the high prices of recent years have substantially increased the peasants' real income. This is open to question, however, since the average peasant has little to sell; if he receives more for what he brings to market, he must also pay more for the articles he buys. Although inflation may have benefited some peasants, it is probably on the whole a menace to the tenants and agricultural laborers, as well as to most small proprietors. In general, Indian independence has not yet led to any significant improvement in the position of the peasants.<sup>11</sup>

The inflation that has already been discussed was influenced by shortages of industrial goods, as well as by the food problem. During 1946-7 industrial production declined considerably because of many factors, including inadequate transport; tense management-labor relations (reflecting the high cost of living); difficulties in obtaining raw materials, capital goods, and construction materials in India; foreign exchange and supply problems impeding imports for industrial purposes; and shortages of technical personnel.

Industrial production subsequently increased, but remained quite unsatisfactory in some fields and was on the whole low. In 1949 cement output was 2.10 million tons, compared with

<sup>11</sup> Note should be taken of certain experimental developments in India. For example, the most advanced of several pilot projects in Uttar Pradesh relates to an area of 50,000 people, who are to be drawn into a program involving the improvement of seeds and fertilizers, the boring of wells, proper composting, road building, child welfare activity, the promotion of literacy, better sanitation, and other changes. (See Elizabeth Converse: "Pilot Development Projects in India," *Far Eastern Survey*, February 7, 1951, pp. 21-7.) Again, the author of this chapter has seen at Nilokheri in the Punjab a co-operative refugee colony with impressive lessons for village improvement. Such projects illustrate the possibility of Indian rural progress, but the promise they hold can be realized only if general political and economic conditions permit their application on a vast scale.



1.55 million in 1948. Steel production rose from 854,000 tons in 1948 to 927,000 in 1949, and coal from 29.82 million tons to 31.45 million. Gains were also made in some other fields. But cotton textile production fell from 4.32 million yards in 1948 to 3.90 million in 1949; cotton yarn from 1.45 million yards to 1.36 million; and jute manufactures from 1.10 million tons to 946,000. In the first half of 1950, according to the Indian ministry of industry and supply, production in a number of major industries, including coal and steel, was higher than in the same period of 1949, but textile output was lower.

The drop in textile output was attributed to a number of factors, including the accumulation of stocks in some lines, and the prevailing shortages of cotton and jute after India's trade with Pakistan ceased late in 1949.<sup>12</sup> Because of the cotton shortage a number of Bombay and Ahmedabad textile mills closed down, contributing to the already rising unemployment among Indian industrial workers. In the spring of 1950 limited trade with Pakistan was resumed under an agreement reached in April by Nehru and Liaquat Ali Khan. It was anticipated that some of the problems of textile production would be eased, but the results were disappointing, because of nondelivery, or delays in the delivery of the quantities of jute agreed upon. At the end of September the India-Pakistan trade agreement expired and was not renewed. On November 14, India's president, Rajendra Prasad, declared to parliament that trade between the two countries "has largely been at a standstill. . . ." <sup>13</sup> In February 1951, however, a new commercial agreement was concluded, providing for the resumption of large-scale trade and the end of the trade war.

The difficulty of obtaining sufficient food and cloth—the two principal necessities—symbolized the economic problems of the new India. The government, for its part, sought to develop industrial and rural projects that would increase the production of crops and manufactured goods. The most publicized plans were for a series of multipurpose river-valley schemes, designed to prevent floods, to provide electricity, and to promote soil conser-

<sup>12</sup> The devaluation crisis that led to this trade stoppage is discussed in the chapter on Pakistan, pp. 503–4.

<sup>13</sup> *The Hindu*, November 15, 1950.

vation, inland transport, and irrigation. Special emphasis was placed on the Damodar Valley project in Bihar, an elaborate TVA-type of development through which the Indian government hoped to irrigate three-quarters-of-a-million acres and provide 300,000 kilowatts of electric power. This project and a second in Orissa were directly under the central government, while a number of others were to be carried out under provincial sponsorship with central aid.

In the river valley plans, and in such other undertakings as the construction of a vast fertilizer factory at Sindhri in eastern India, industrial and agricultural purposes were closely joined. The government was also interested in promoting various purely industrial projects; for example, the production of locomotives, railway cars, aircraft, iron and steel, radio apparatus, and penicillin. But it was characteristic of New Delhi's economic planning that it ranged over too wide a field for India's available financial resources, was poorly co-ordinated, left too narrow a field for local direction and initiative, and did not really involve a well defined plan. When the government felt itself forced to retrench, late in 1948, capital expenditures were hard hit. The river valley projects were least affected, but there was a general cutting down of plans. Early in 1950 a National Planning Committee was established. Whether order would be introduced into the welter of development schemes remained to be seen.

Transportation, however, was a field in which significant progress was made. Partition disrupted a railway system that had previously suffered for lack of replacements and improvements during the war years. As a result, in 1947-8 India's railways were able to move only sixty per cent of the freight offered for transport. This had an unfavorable effect on the whole of the Indian economy, especially industrial production and foreign trade. In 1949, however, freight movements rose to seventy-five or eighty per cent of the freight offered, largely as a result of the purchase of locomotives, boilers, and spare parts abroad. In August 1949 the International Bank extended a loan of \$34,000,000 to help India meet the dollar cost of its railway improvement program.

One problem confronting the government was to determine

what kind of national economy to promote and the proper distribution of the burden of sacrifice in achieving it. In contrast to the United States, there was no devotion in India to the idea of "free enterprise," and the concepts of governmental planning and a mixed economy of public and private enterprise were widely accepted. There were, however, sharp and basic conflicts over such matters as the extent and nature of the control or regulation of private firms, and the nationalization of existing industries.

Indian private capital was quite weak when measured in terms of the country's economic needs. In addition, it showed a marked preference for commercial and speculative activity, promising fairly quick profits, rather than for long-term basic investment. At the same time it was highly concentrated, with a few great family houses dominating industry, banking, and insurance, and exerting a powerful influence in politics. The various leading Indian firms were not, of course, necessarily in agreement on the details of economic policy, but as a group they vigorously opposed nationalization, favored the abolition of controls over consumer goods, and sought lower taxes on business. In their approach they were influenced by the fact that Indian enterprise has traditionally expected high returns and paid low taxes.

These attitudes, although not in themselves surprising, conflicted sharply with the semisocialistic program of the Congress and many of its members, including Nehru, at the time of independence. There followed a long-drawn-out, confused conflict in which Indian business held out for successive alterations in policy, while already exerting considerable influence on the government. New Delhi found the raising of loans extremely difficult because of the strained relationship with Indian capital.

Gradually the government yielded on a series of issues. One early instance was the decontrol policy of December 1947. Another was the reduction of taxes on large incomes in each of the three budgets following independence. The 1950-1 budget, for example, abolished the business profits tax and lowered the income tax in the highest brackets. A Dividend Limitation Act, which had aroused much business protest, was allowed to expire at the end of March 1950. Policy increasingly emphasized

the offering of incentives to business in an effort, so far unsuccessful, to bring reluctant capital out of hiding.

A resolution adopted by the Indian parliament in April 1948 established three industrial categories: (1) arms and ammunition, atomic energy, railways—all exclusive official monopolies; (2) coal, iron and steel, aircraft, and other specified fields, in which new industries would be established by the state, although exceptions might be made in the national interest; (3) the rest of the industrial field, which would be open to private enterprise. The government was to concentrate on expanding its existing enterprises and developing new ones rather than on nationalizing private industry. But if a private unit was acquired, fair compensation would be given. In any case, enterprises in the second category would not be nationalized for ten years, and the situation would be reviewed after that time. The resolution also declared that India needed foreign capital under suitable conditions.

A year later, in April 1949, Nehru placed strong emphasis on India's desire for foreign capital and technical assistance and gave assurances of favorable treatment. Early in August 1949 he emphasized that the government had not said it would nationalize private industries after ten years, but merely that it would not do so within that period. Later in the month he referred to "the remote event of the nationalization of certain industries."<sup>14</sup> The general effect of these and other statements, as well as of the budget actions of the government, was to meet many business demands.

Nevertheless the government was to play an important part in economic development. The problem of fulfilling this function was complicated by the growing shortage of dollars for the purchase of capital goods from the United States. The maintenance of a heavy defense budget was another factor impeding development plans. The following table lists India's total expenditures and the sums spent on defense in the revenue budgets adopted since partition.<sup>15</sup>

<sup>14</sup> *New York Times*, August 28, 1949.

<sup>15</sup> In the above table the 1948-9 figures represent accounts that have not been finally closed; the 1949-50 figures are revised estimates; and the 1950-1 figures are those of the budget as passed by parliament. In addition to the revenue budget, India also has an annual capital budget, devoted to long-term expenditure.

<i>Fiscal Year</i>	<i>Defense Expenditures</i>	<i>Total Expenditures</i>	<i>Proportion of Total Expenditures Spent on Defense</i>
1948-9	Rs. 1,460.5 million	Rs. 3,208.6 million	45.5%
1949-50	Rs. 1,700.6 million	Rs. 3,361.0 million	50.6%
1950-1	Rs. 1,680.1 million	Rs. 3,378.8 million	49.7%

The totals reveal that nearly half the Indian revenue budget during these three years was devoted to military purposes. Strained relations with Pakistan were the primary cause, but a military campaign in Hyderabad in 1948 and internal security measures also played a part, as did the international situation. While the 1950-51 budget showed no important retrenchment in defense spending, considerable cuts took place in other categories, such as housing.

The continuing tension between India and Pakistan, which is reflected in the military spending of both countries, has its roots in the history of Hindu-Muslim and Congress-League conflict before August 1947, as well as in the massacres unleashed by partition. After the division of the subcontinent new issues developed. There were disputes over canal water rights, since Pakistan's Punjab province uses for irrigation rivers flowing in from the Indian Punjab and the Indian-held section of Kashmir. The disposition of property left behind in India by Muslim evacuees and in Pakistan by Hindus and Sikhs was also a bone of contention. Another serious matter was the complex economic conflict that developed after New Delhi devalued its currency in September 1949 and Karachi did not.<sup>18</sup>

Friction was generated by disputes over several Indian states. When the small, predominantly Hindu state of Junagadh was declared part of Pakistan by its Muslim ruler, a section of his Hindu subjects revolted and called in the Indian Army. In a subsequent plebiscite under Indian auspices the people voted to join India and this was carried out. Again, in September 1948, after the Muslim Nizam of Hyderabad—an overwhelmingly Hindu state located in the heart of India—had attempted for over a year to maintain a special, rather independent status, the

<sup>18</sup> See chapter on Pakistan, pp. 503-4.



Indian Army entered and took over the area by force. In both cases, especially that of Junagadh, Pakistan voiced protests.

The most dangerous conflict, however, was over the princely state of Jammu and Kashmir—usually referred to simply as Kashmir. This state of approximately four million people and eighty-four thousand square miles has a predominantly Muslim population, but a Hindu maharajah. Its current importance arises largely from considerations of national prestige, its strategic location, and—as already noted—the fact that it contains the headwaters of certain rivers flowing into Pakistan. Kashmir is located in northern India, south of the Himalayas, touches or is very close to the U.S.S.R., and borders on Afghanistan, Sinkiang, Tibet, India, and Pakistan.

For India, which accepted partition with abhorrence and officially rejects the idea of being a Hindu state, the incorporation of a major Muslim area such as Kashmir would be a considerable political victory. For Pakistan, failure to win this area would be a deadly blow to the very theory of Hindu-Muslim separation on which the Muslim League and the new state are based. Both governments are likely to be strengthened or weakened at home by their success or failure in Kashmir. In both countries the Kashmir issue arouses deep feelings and has the effect of diverting attention from other fundamental problems.

From the early 1930's the Congress party was linked with the Kashmiri Muslim leader, Sheikh Mohammad Abdullah, whose All-Jammu and Kashmir National Conference engaged in a long struggle with the despotic Hindu maharajah. Nehru, who comes of a Kashmiri Brahman family, although himself born in the United Provinces, has long been closely associated with Abdullah and feels a powerful emotional involvement in the Kashmir conflict. The Kashmir issue derives much of its complexity from the existence of Abdullah's movement, for his is a predominantly Muslim party that favors accession to India. Agrarian reforms carried out under Abdullah in Indian-held Kashmir are probably popular with many peasants. But it is impossible to say whether, as India holds, his government has a majority of the people behind it; or whether most Kashmiris would prefer to affiliate with Pakistan.

The history of the Kashmir dispute is, briefly, as follows.

In the summer of 1947 the maharajah refused to accede to either India or Pakistan. But disturbances resulting from incursions of refugees and a Muslim uprising in one area gradually changed his mind. In September the pro-Indian Abdullah was released from jail, where he was serving a term for his past efforts to drive the maharajah from the state. When Muslim tribesmen invaded in organized fashion from Pakistan and drove into the heart of Kashmir, the maharajah frantically appealed to New Delhi for aid. Indian Army troops were flown in after he acceded to India late in October 1947 and had agreed to include Abdullah in an interim cabinet. At the end of the month Abdullah became "Head of the Emergency Administration."

Although India and Pakistan remained formally at peace, serious fighting continued in Kashmir through 1947 and 1948, with Indian and Pakistani regular forces, Muslim tribesmen from Pakistan, and rival Kashmiri forces contending for victory. India submitted the Kashmir issue to the United Nations at the end of 1947. In July 1948 a United Nations Commission for India and Pakistan reached the subcontinent, and on January 1, 1949, a cease-fire agreement was concluded, as a prerequisite for a truce and the holding of a plebiscite on the future of the state. At that time Indian forces were in control of almost three fourths of Kashmir, including the valley.

After the cessation of hostilities the rival forces maintained their positions; but no formal truce was reached, and it was therefore impossible to hold the proposed plebiscite. Early in 1950 there was much talk of the danger of an India-Pakistan war over Kashmir and other issues. Tension lessened, however, following the Nehru-Liaquat refugee and trade agreements in April, even though no accord was forthcoming on Kashmir. In April, also, the United Nations Security Council named Sir Owen Dixon, an Australian jurist, to serve as mediator in the Kashmir conflict. His function was to bring about the demilitarization of the area as the basis for a plebiscite. But on August 22, after extensive talks with Nehru and Liaquat Ali Khan, Sir Owen announced in New Delhi that there was no immediate prospect of an agreement.

Kashmir was of interest to the United States and Britain because an India-Pakistan war would gravely affect the position of both great powers in Asia and adjacent areas and have a gen-

erally disruptive effect within the non-Soviet world. Its strategic location close to the Soviet Union presumably entered into the thinking of Washington and London. Moscow, it may be assumed, was also interested, although it refrained from taking public positions on the Kashmir issue at the United Nations or elsewhere. The fact that the United States, not Britain, took the lead in efforts to settle the dispute was indicative of the changing power relationships brought about by World War II. When a plebiscite administrator was named by the United Nations Secretary General in March 1949, it was an American, Fleet Admiral Chester W. Nimitz, who received the post. Nimitz, however, could not leave for Kashmir in the absence of a truce, and he ultimately resigned.

As time passed and Kashmir continued to generate tension, there were suggestions that the state be partitioned. According to one approach, India should be assigned the predominantly Hindu areas, bordering on its own territory, and Pakistan the adjoining Kashmir area under its control which would almost certainly vote to join Pakistan. The future of the predominantly Muslim valley could then be settled by plebiscite. The outcome in the valley would, of course, determine whether India or Pakistan received the bulk of the state, but neither side would emerge completely the loser. Nehru indicated in May 1950 that India did not rule out the possibility of partition, but Pakistan was sharply opposed, feeling certain that it would win a plebiscite. Indian opinion on the outcome of a plebiscite was divided.

Inside India the Hindu Mahasabha, the Rashtriya Swayam Sewak Sangh (R.S.S.), and groups of Sikh extremists have tried to make political capital out of sentiment against Muslims and Pakistan. The Mahasabha, a Hindu counterpart of the Muslim League, was founded early in the twentieth century. Before partition it opposed British rule, but charged the Congress with betraying Hinduism because of its nonsectarian political theory. The best known leaders of the Mahasabha is V. D. Savarkar. The R.S.S., which was founded in 1925 to train Hindu volunteers for "self-defense" in communal riots, grew markedly after 1940 under the leadership of M. S. Golwalkar.

The two organizations are close in ideology, but deny any organizational link. The R.S.S., however, is widely regarded as

the armed wing of the Mahasabha. Both groups refuse to accept the idea of partition, favor the incorporation of Pakistan into India, and consider the Indian Muslims a "fifth column." Both also favor a Hindu over a secular state. The R.S.S. is especially noteworthy for the daily drills and exercises its members perform, its mystical glorification of the ancient Hindu past, its display of uniforms and observance of a ritualistic discipline at public meetings, and its members' unquestioning veneration of their leader. In these respects, as well as in its emphasis on the Hindus as a "race" and its hatred of Muslims, it suggests parallels to Fascist movements in other countries. The main strength of the R.S.S. is in the north, especially among students and the urban lower middle class. R.S.S. membership is estimated at hundreds of thousands—or, according to its adherents, millions. The Mahasabha is a much smaller organization, with which some of India's leading businessmen have been prominently identified.

The assassination of Gandhi by a Mahasabha member on January 30, 1948, focused attention on both organizations and showed how far some extreme communalists dared to go. In the months before his death Gandhi had won the hatred of these elements by devoting almost all his time to fighting communalism and protecting the Muslim community in India. Soon afterward the R.S.S. was banned, and the Mahasabha suspended political activities. But in July 1949 the R.S.S. again became legal, after it had adopted a new constitution committing it to nonviolent, nonsecret "cultural" activity; and in December the Mahasabha announced that it was re-entering politics. In June 1950 the Mahasabha made public its decision to enter the general elections to be held in 1951. One of its chief platform planks was a promise, if victorious, to disfranchise Indian Muslims "for five or ten years, or until such time as they are able to convince the Government that their interests and sentiments are with India."<sup>17</sup>

The prevailing outlook of the Congress and the government is noncommunal, but the R.S.S. and Mahasabha have infiltrated some sections of the Congress, and there are right-wing Congress elements that look upon this with favor as an infusion of "new blood." Nehru, of course, is well known for his noncommunal outlook and has fought vigorously against communalism.

<sup>17</sup> *New York Times*, June 20, 1950.

Many procommunal pressures, however, operate in political life: the fear of alienating non-Muslim opinion, the special anti-Muslim bitterness existing in an area such as West Bengal, and the fact that communalism has had the support of influential Indian economic elements, for whom it constitutes a bulwark of the status quo.

(In view of the communalist emphasis on the Muslims as a "fifth column" in India, it is interesting to note that the Indian Muslims—like the Hindus remaining in Pakistan—still seem stunned by the effects of partition. There are nationalist Muslims who are active in the Congress and government, notably Maulana Abul Kalam Azad, a former Congress president, and Rafi Ahmad Kidwai, both members of the Indian cabinet. There is also an Indian Union Muslim League, a successor of the old Muslim League, which has pledged its loyalty to India. It cannot yet be said that the Indian Muslims have been able to find a clear place in the politics of the new India. If one may hazard a guess, the principal desire of the average Indian Muslim today is to go about his business, shunning political controversy as much as possible.)

From a different political direction the government is challenged by the Socialists, Communists, and other left-wing groups. The Socialist party began in 1934 as a wing of the Congress: its membership was limited to persons in the Congress, and its objective was to move the nationalist movement in a socialistic direction. Nehru, although not formally a member of the Congress Socialists, had an enormous influence on the group, and was a close friend of the top Socialist leader, Jai Prakash Narain. The end of World War II, however, saw growing differences between the Congress leadership and the Socialists, and early in 1948 the latter left the Congress to become an independent party. Agreeing with many aspects of the Congress program, they disagreed with Congress practice and charged that the government was surrendering to "vested interests" while curbing labor, was not carrying out agrarian reforms, and was encroaching on civil liberties.

Early in 1949 the Socialist party claimed 18,560 confirmed and probationary members; but by March 31, 1950, following a relaxation of membership requirements, the official party figures were up to 129,447 individual members and 22,525 members



in affiliated organizations. The main Socialist strength is in Uttar Pradesh, Bihar, Bengal, and Bombay. Socialist influence among the peasants is promoted by the *Hind Kisan Panchayat* and among labor by a trade union federation, the *Hind Mazdoor Sabha*. The Socialists follow constitutional methods and are strongly opposed to the policies of the Indian Communists.

The Communist party of India developed in the early 1920's and subsequently became influential in the labor movement and intellectual circles. It grew rapidly after 1942 when, following some years of suppression, it was again declared legal. Its members belonged to the Congress until the latter part of 1945, when they were, in effect, forced out of that organization. During 1946 and 1947 the Communists gave partial support to the government, especially to Nehru. But a new policy was adopted at a party conference in Calcutta in March 1948, and B. T. Ranadive replaced P. C. Joshi as general secretary. The Communists then launched an uncompromising struggle against the government. This shift may be regarded in part as the Indian Communist counterpart of the Socialists' break with the Congress. It also probably reflected a toughening of general Communist policy in southern Asia.

Communist policy under Ranadive's leadership followed peaceful tactics in some areas and circumstances, but violent, sometimes terroristic methods in others. Following their 1948 Congress the Communists were outlawed in West Bengal, and a number of their leaders, including certain figures in the labor movement, were arrested in Bombay. In September 1949 the Communists were banned in Madras. No national action was taken against them, but they were illegal or semilegal throughout India, and their top leaders were either underground or detained in jail without trial. Indian supreme court decisions in 1950, however, led to the release of some Communists, as well as of some detained persons of other groups. In November 1950 the Madras government, as a result of a supreme court ruling, lifted its ban on the Communist party, various allied bodies, and two right-wing organizations.

In 1949 the Communists claimed eighty thousand members, compared with seven thousand in 1942. But the sharp leftward turn of their policies and the government's measures against them weakened their position, perhaps particularly in the labor

movement. In 1949 there were reports of growing opposition to Ranadive's policy in some Indian Communist circles. Subsequently the official Cominform publication indicated a critical attitude toward this policy. In July 1950 Ranadive was reported dropped as secretary general, and modifications of policy were announced.

Despite the setbacks they received, the Communists remain an influential, although small group. They are dominant in the leadership of the All-India Trade Union Congress and the All-India Kisan Sabha, a peasant organization. Their principal urban strength is among intellectuals and factory and transport workers, especially in Calcutta and Bombay. In the countryside their greatest strength is among the peasants of the Telengana area of Hyderabad, the adjoining Andhra area of Madras, the Malabar area of Madras, and a section of West Bengal about Calcutta. Their rural policy, especially in Telengana, where they have semicontrol of many villages and have been in conflict with government troops and police, is basically one of land expropriation and redistribution.

Reference has been made to Socialist and Communist activities in the labor movement, and it should be noted that the Congress has also been active in this field. There are four main labor federations: the Indian National Trade Union Congress (I.N.T.U.C.), the Hind Mazdoor Sabha (H.M.S.), the All-India Trade Union Congress (A.I.T.U.C.), and the United Trade Union Congress (U.T.U.C.). The first three are predominantly Congress, Socialist, and Communist in their respective leadership. The U.T.U.C., which declares itself nonpartisan, is led by nonparty Socialists who are in disagreement with the H.M.S. The oldest federation is the A.I.T.U.C., founded in 1920. The I.N.T.U.C. was established in May 1947 at a conference presided over by Vallabhbhai Patel; the H.M.S. in December 1948; and the U.T.U.C. in May 1949. The I.N.T.U.C. generally supports the government's economic policies, and the other labor federations claim that it is favored by the government—a charge that I.N.T.U.C. denies. The I.N.T.U.C. has the largest membership; it is followed, in order, by the H.M.S., the A.I.T.U.C., and the U.T.U.C.

Recent years have seen considerable labor unrest, partly because of high prices, which have outstripped wage increases

and cost-of-living allowances. The government's labor policy has tended increasingly toward compulsory arbitration and the prohibition of strikes and lockouts. The Industrial Disputes Act (XIV) of 1947 provides for a management-labor Works Committee in each factory of one hundred or more workers. If this committee is unable to settle a dispute, conciliation officers and bodies are empowered to conciliate or mediate. In serious disputes Industrial Tribunals may operate, and their arbitral awards are binding. The fact that arbitrators have usually granted the workers part of their demands has served to keep discontent in check. Early in 1950 the government introduced in parliament a Trade Unions Bill and a Labor Relations Bill further restricting the right to strike and taking new steps toward compulsory arbitration.

The period since August 1947 has clearly been a transitional one for India. The Congress is by all odds the strongest organization in India, in fact the only nationwide party reaching into every section of the country, and it still has great prestige, dating from the days of struggle against the British. The difficulties facing the government are recognized by Indians, but the failure to fulfill past economic pledges, at least in part, has caused disappointment. Indians also widely feel that the Congress, especially on the provincial level, has often been used by opportunists for personal advantage. As far back as October 1946 the All-India Congress Committee referred to "the increasing infiltration into Congress ranks of persons who have never had anything to do with the Congress in the past, but are now attracted to it for entirely selfish reasons."<sup>18</sup>

It should be noted that while Nehru, the most prominent leader of the Congress, is a very popular figure in India, American opinion has frequently assigned him a more powerful part than he actually played in domestic politics during 1947-50. His voice has clearly been decisive in shaping Indian foreign policy, but in internal affairs Deputy Prime Minister Vallabhbhai Patel, the highly conservative director of the Congress party machine, was probably dominant until his death on December 15, 1950. After Gandhi's death Nehru and Patel shared the top leadership; but Patel—because of his domestic influence—was regarded by many Indians as perhaps the "real" power in New Delhi, even

<sup>18</sup> *Congress Handbook*, 1946, p. 240.

though Nehru's domestic and international prestige was far greater.

Patel's position within the Congress was evident in September 1950, when Purshottamdas Tandon, a candidate backed by himself and also by Hindu extremists in the organization, won the party presidency, while a candidate publicly supported by Nehru ran a poor third. Subsequently Nehru insisted that the Congress adhere to an anticomunal policy, and Tandon in fact attacked communalism in his presidential address to the All-India Congress Committee. Tandon's election, however, was indicative of Nehru's lack of a powerfully organized party following. It also reflected considerable party criticism of Nehru in the preceding months because of what many considered a "soft" attitude toward Pakistan.

Patel's death was an extremely important development, but it is too early to assess the results. Late in December 1950 Patel's post of home affairs was assigned to Chakravarti Rajagopalachari, a veteran Congress leader who had served as governor-general before the establishment of the Republic. N. Gopalaswami Ayyangar, previously minister of railways and transport, became minister of state. The post of deputy prime minister was left vacant. Patel's passing from the Indian scene at the age of seventy-five underlined the significance of a statement by Nehru early in November 1950, expressing concern at the lack of prominent younger leaders in the Congress. Nehru himself was sixty-one years old on November 14, 1950, and most of the prominent Congress leaders are also in their sixties, while some are over seventy.

Most politically conscious Indians are willing to give the Congress time to show whether it can really meet the country's needs. The Congress leaders, however, know that if they do not deliver within a fairly short period—perhaps five years—the people may turn in other political directions. The first great political test of the government is expected in November or December 1951, when a general election is to be held under India's new constitution.<sup>19</sup> The present central and provincial governments

<sup>19</sup> In November 1950 President Prasad announced that the elections for Parliament and the State Legislatures, which had been expected in April-May 1951, would be held in the second half of November or early December 1951.

and legislatures were elected in 1946, under an extremely limited franchise, on the issues of independence and partition. A general election would therefore provide the Indian people with their first opportunity to choose representatives and to vote on the policies followed since partition.

The new constitution, which went into effect on January 26, 1950, when India became a Republic, provides for a modified parliamentary system, with a president, prime minister, and parliament (consisting of a Council of State and a House of the People). Two important features of the constitution are its strong protection of property rights and the powerful position assigned the central government. Although the national structure is a federal one, the states (as the provinces and former princely states are called in the new document) are essentially appendages of the center.

Universal suffrage is established for persons of twenty-one or over, untouchability is declared abolished, and various civil liberties are guaranteed (freedom of speech and expression, freedom of peaceful assembly without arms, and so forth). Many of the civil rights, however, are limited in other clauses. For example, preventive detention without trial is authorized, and the right of habeas corpus is specifically modified in such cases. The powers vested in the president, who is elected indirectly and not by popular vote, are extensive, but really belong to the prime minister and cabinet who advise him in his actions as a ceremonial head of state. The president is nominally the chief executive, has supreme command of the armed forces, appoints the prime minister and supreme court judges, appoints and may dismiss the state governors, and may approve or disapprove certain bills passed by state legislatures. He also has the power to issue special ordinances when parliament is not in session and to declare a Proclamation of Emergency, suspending many prerogatives of the parliament and states, if the security of India, or any part of it, is threatened from within or without.

How the constitution operates will depend not simply on its words, but on conditions in India and the world. Most politically conscious Indians regard the document as a landmark in the country's independent evolution. But disquiet exists over some aspects of it, perhaps especially the clauses permitting restrictions on civil liberties. At the end of 1949 some thousands of



persons—largely, but not entirely, Communists or alleged Communists—were being held in prison for political reasons, without trial. This situation has continued under the constitution, and on August 12, 1950 Deputy Prime Minister Patel stated that 6,340 persons were under detention without trial, including 3,660 in Hyderabad.

Many non-Communist Indians are uneasy because they oppose arrests for beliefs rather than for overt, illegal actions. They recall that the same devices were once used by the British against the Congress itself, and they fear measures that have a repressive effect on critical Indian thinking and opposition activity. The government, on the other hand, has defended these measures as necessary for the stability of the state. The Indian Supreme Court in 1950 sustained the Preventive Detention Act, permitting the central and state governments to hold a person for a year without trial. But the Court went sharply counter to the view of the executive branch of the government by striking at some aspects of the law. The Court also weakened certain governmental powers over the press by setting aside a Madras state ban on the distribution of a pro-Communist publication and a Delhi pre-censorship order on an R.S.S. publication.

Another political question that has aroused much discussion and has deep implications for India's future under the constitution is the issue of linguistic provinces. As indicated early in this chapter, India consists of a number of areas in which the people speak different languages and have separate historical backgrounds. As a result of this situation the Congress long ago took the position that the country should be reorganized into provinces corresponding to language areas. The underlying theory was that a linguistic political structure is required if the people in the various sections are to develop fully their cultural and other potentialities.

After partition the Congress continued its formal support of the linguistic province theory, but adopted a more cautious attitude toward it. The creation of a new political structure, cutting across the existing provinces, was considered a potential threat to political stability. It was feared that linguistic provinces might prove economically unworkable, or encourage separatist tendencies, or become strongholds of antigovernment elements. In November 1949, however, the Working Committee

of the Congress resolved in favor of creating an Andhra province out of the Telugu-speaking area of Madras. The Andhra movement is an old one, based on the feeling among the Telugus that they have a clearly marked cultural individuality (arising from their language, literature, and even emotional characteristics) and that the Tamil-speaking area of Madras has been favored economically by the Madras government.

At the beginning of 1950 it became plain that the Andhra leaders had themselves become split over accepting or rejecting the terms on which the new province was being offered. Soon afterward the creation of the province was postponed indefinitely, an outcome that certainly did not displease New Delhi, and probably had been expected by it. The linguistic province question, however, remains an important aspect of India's long-term problem of according sufficient recognition to local needs and attitudes, while establishing an adequate central power. There is no mistaking the depth of regional sentiment among the people of the various linguistic areas, especially among the middle class. If grievances on this level should someday be fused with a more general economic discontent, the combination would be formidable.

The emotional aspects of the linguistic province debate underline the fact that no understanding of India is possible without appreciating the psychology of the Indian people. India today is marked by a sense of awakening, even though many millions remain politically inert, by an intense combination of fear and hope, and by an insistence that a better life cannot wait for an indefinite future. Great forces have been unleashed by Indian nationalism, and great expectations remain to be satisfied. The nationalist struggle against Britain was not simply a carefully conceived political movement. It was also an all-embracing environment within which the politically conscious lived and were shaped.

The psychological aspects of Indian politics, it should be noted, are just as important in foreign affairs as in domestic matters. For articulate Indians are deeply interested in foreign policy and have strong views about many aspects of the international scene. At the same time they realize that India is limited by the overshadowing importance of the two superpowers, the United States and the Soviet Union. Although the

Congress party long ago became interested in world affairs, an Indian foreign policy dates from the establishment of the Interim Government in 1946. For this brought Nehru into the governor-general's Executive Council as the member for external affairs. It was followed by the exchange of ambassadors between India and various other countries, including the United States and the U.S.S.R., and by India's assumption of an active role in United Nations discussions.

It has been India's declared objective to follow an independent course in world affairs, avoiding automatic commitments to other powers. On many issues India has unquestionably acted more independently than most governments comparable to it in power. Within this framework, however, it has leaned toward Britain and the United States, especially the former. In a speech of March 22, 1949 Nehru stated that India had "far closer relations with some countries of the Western world than with others." But he added that "politically speaking" India did not wish to be "bound down" to "a particular group."<sup>20</sup> Again, on July 7, 1950, he declared that "our economy is obviously tied to England and the other Western powers. Political policy is another matter."<sup>21</sup>

A number of factors have helped to shape India's foreign policy: the country's geographical position, close to the Soviet Union and China, and far from Britain and the United States; its powerful economic link with Britain; its economic weakness; its desperate need for peace so that it can face its own problems; its fear of imperialism in Asia, based on its own experience as a colony; its desire for American economic assistance on satisfactory terms; and its hope of assuming a leading position among the newly emerging countries of southern Asia. Some of these factors have tended to pull India in one direction, and some in another. Taken together, they have produced a "middle course" policy, involving an effort to avoid definite commitments.

It is true that a small, but highly influential, Indian minority has desired the government to line up more or less definitely with the United States. Another minority supports or leans toward the U.S.S.R. But most politically conscious Indians have looked with deep suspicion on the struggle of the great powers,

<sup>20</sup> *New York Times*, March 24, 1949.

<sup>21</sup> *Ibid.*, July 8, 1950.

and have wished to remain as uninvolved as possible in the cold war. Yet there is no doubt that India's Commonwealth membership has constituted a very important link with London, and indirectly with Washington.

At the time of partition it was generally thought that India would ultimately sever its Commonwealth ties with Britain. New Delhi, however, decided otherwise. A formula enabling India to remain in the Commonwealth while becoming a republic was devised at a prime ministers' conference in London in April 1949 and later approved by the Indian parliament. The Indian decision resulted in part from the government's fear of abandoning the British connection completely at a time of difficulty within India and grave unsettlement in Asia and the world at large. London had calculated correctly in 1946-7 in thinking that an India that could not be held by force might, under predominantly conservative or middle-of-the-road nationalist leadership, preserve the Commonwealth link if given political independence. New Delhi's course also reflected its continuing military and economic dependence on Britain. For British officers played an important role in India's naval and air force command, and Britain stood first in India's foreign trade. In addition, Britain's war debt to India—the sterling balances—gave India a large stake in the sterling bloc, while Britain continued to hold an important investment position in the country.<sup>22</sup>

India has participated extensively in the work of the United Nations and its agencies and has been a member of the Security Council since 1949. From an Indian point of view, the Kashmir dispute with Pakistan has been the issue of most direct concern before the United Nations. India has also been deeply interested in pressing its case against South Africa over the discriminatory treatment of Indians in that country. While the Indonesian question was under United Nations consideration, India gave strong diplomatic support to the Indonesian Republic in

<sup>22</sup> Late in 1950 India's share of the sterling balances amounted to slightly less than £600,000,000. In January 1950 a leading British economic observer in India stated, in a discussion with the author, that British capital in India possibly totaled £800,000,000 in post-devaluation pounds; i.e., roughly US \$2,250,000,000. This is a substantial figure, although far below the figures given above for 1930 (see p. 448), when £1 was worth US \$4.86. During 1947-8 the British had cut their Indian investments considerably, but a significant partial movement of British capital back to India began in 1949.

its struggle with the Dutch. Particularly significant was the fact that in January 1949 a group of Asian, Arab, and Pacific countries met in New Delhi, at Nehru's invitation, and voiced their support of the Indonesian nationalist cause.

Relations between India and the United States have revolved about two main questions: economic assistance and the cold war. So far Indian expectations of large-scale American private investments and extensive official aid for economic development have not been realized. On the whole American private capital has not been attracted by Indian conditions and policies. At the same time, Indian opinion has been fearful that foreign private investment, unless carefully controlled, might weaken the country's newly won political independence. This attitude is a product of Indian experience with British capital, which went hand in hand with colonial rule. Yet there is no doubt that New Delhi feels the need for foreign capital, and that this desire has played a part in the modification of its economic policies, noted on an earlier page.

Articulate Indian circles have sometimes been bitter at the fact that the United States has given little to Asian countries, while pouring vast sums into Europe under the Marshall Plan. In addition, among the countries of Asia—at least in the period up to the end of 1950—it has not been India, but Nationalist China, Japan, and other areas that have received American aid. India has not been assigned a high priority in official American military or political thinking. Nevertheless it has been considered important because of its location, size, population, and resources, the dangers inherent in a possible India-Pakistan war over Kashmir, India's links with Asian nationalism, and the ramifications of India's relations with China after the Communist victory in that country.

The United States has also been interested in India as a market for goods and, potentially, for investments. Since World War II the United States has been second only to the United Kingdom in India's foreign trade. Trade with India, it is true, has been only a small part of the total overseas commerce of the United States, but it has been substantial in terms of dollars. In 1948 American exports to India were valued at \$298,000,000 and imports from India at \$265,000,000. In 1949 the respective figures were \$253,000,000 and \$239,000,000. The decline in



imports resulted from the temporary American economic "recession" of 1949; the decline in exports resulted from Indian measures to cut purchases from the dollar area. Imports from India were significant beyond their dollar value because they included such important commodities as jute, burlap, shellac, tea, mica, and manganese.

After the Communist victory in China there was much American discussion as to whether India might replace China as a bastion against Communism on the mainland of Asia. This strategic concept came up against two difficulties: India's many internal problems which made it incapable of fulfilling this function, and India's unwillingness to do so. The two aspects were connected, for domestic differences and unsolved issues added to the government's caution in foreign affairs. Nehru alluded to this in March 1949, when he declared that "any attempt on our part—and when I say our for the moment, I mean the Government of the day here—to go too far in one direction would create difficulties in our own country. It would be resented and would produce conflicts in our own country which would not be helpful to us or to any other country."<sup>23</sup> Again, when Nehru visited the United States in October and November 1949 he carefully avoided taking sides in the cold war. The principal emphasis in his speeches was on the need for reducing armaments, as well as for tackling the problems of poverty, colonialism, and racial discrimination, and taking other steps to avert a world war.

Nehru was greeted warmly in the United States. But his journey did not result in immediate American aid, and in the months that followed a certain coolness developed in Indian-American relations. Apart from issues already mentioned, New Delhi and Washington diverged on policy toward China and Indochina.

India found itself unable to accept the American policy of backing the French and French-sponsored forces in Indochina against the Viet Minh movement of Ho Chi Minh. Indian opinion—as earlier in the case of Indonesia—deplored the use of foreign troops against an Asian people fighting to end colonial rule. India also extended recognition to the new Peking government of China and, in contrast with Britain, openly supported moves

<sup>23</sup> *The Hindu*, March 24, 1949.

to admit representatives of Communist China to the United Nations. In the spring of 1950 an Indian ambassador was received in Peking, and Mao Tse-tung referred publicly to India in extremely cordial terms. In the case of both the Chinese Communists and the Viet Minh, Indians tended to feel that nationalism was a powerful ingredient along with Communism. These movements were regarded not as the product of Soviet influence, but rather as the inevitable result of Chinese Nationalist misrule and French colonialism.

In making their foreign policy decisions, Indian leaders were constantly aware of their proximity to the U.S.S.R. and to China. Even though strongly opposed to Communism and engaged in fighting it in their own country, they—like many Burmese and Indonesian leaders—felt the need for adjusting themselves to the presence of Communist rule in a large part of the continent. At the same time there were undoubtedly differences of opinion within the cabinet between those who wanted to lean increasingly toward the West and others who wished to place major emphasis on holding to some kind of middle position.

The outbreak of war in Korea in June 1950 confronted India with grave decisions. The Indian delegate to the United Nations Security Council voted in favor of its first resolution, condemning north Korea and calling for a cease-fire and withdrawal of northern troops from the south. But he abstained, for lack of instructions, when the Security Council passed a second resolution urging armed support of south Korea. With a few exceptions the Indian press, both English-language and vernacular, urged that India not align itself further on the Korean issue. After two days of extended discussion, the Indian cabinet decided to accept the second resolution.

In a statement of June 29 New Delhi declared: "This decision of the government does not, however, involve any modification of their foreign policy. This policy is based on promotion of world peace and development of friendly relations with all countries; it remains an independent policy which will continue to be determined solely by India's ideals and objectives."<sup>24</sup> Subsequently the Indian delegate to the Security Council attempted,

<sup>24</sup> *New York Times*, June 30, 1950.

at his government's instructions, to promote a negotiated settlement of the Korean war.

It is important to bear in mind that recent international events in no way diminish the significance of India's internal problems, but rather tend to make them more pressing and more difficult to solve. The effect is not to weaken but to underline the truth of the statement made by the Congress party in its 1946 election manifesto: "The content of political freedom must be both economic and social. The most vital and urgent of India's problems is how to remove the curse of poverty and raise the standard of the masses."<sup>25</sup> So far the Indian government has not been able to infuse a significant economic and social content into political freedom. It still has the possibility of doing so, although time is running short. In the years ahead the formula just quoted will probably provide the basic test by which the Congress stands or falls.

<sup>25</sup> *Indian National Congress, March 1940 to September 1946, Being the Resolutions Passed by the Congress, the All-India Congress Committee and the Working Committee* (Allahabad, Indian National Congress, n.d.), p. 194.

# PAKISTAN

HOLDEN FURBER



PAKISTAN is one of the two nations formed as a result of the partition of British India in August 1947. As this new state is composed of two blocs of territory a thousand miles apart, the terms West Pakistan (for the provinces and princely states on the Indus watershed) and East Pakistan (for the eastern districts of Bengal plus Sylhet) have come into common use.<sup>1</sup> The population of West Pakistan (area 312,302 square miles without Kashmir) is estimated (1950) at thirty million; that of East Pakistan (area 58,009 square miles), at forty-five million. These figures can only be approximate and may prove too low when new census figures become available. The number of non-Muslims in West Pakistan is estimated to have dropped by 1950 to less than 150,000, and the number of non-Muslims in East Pakistan, where there has been much less movement of population, reaches at least eleven million.

A part of West Pakistan is dry, desert country, with sparse rainfall and an economy which is nomadic and pastoral rather than agricultural. In the more intensively cultivated regions, the lower Indus delta with its emphasis on cotton culture differs sharply from the canal-irrigated plains of the Punjab, noted for

<sup>1</sup> Pakistan consists of the following territories, all formerly within the British "Indian Empire": the North West Frontier Province with the tribal territory and small princely states adjacent to it; British Baluchistan and the khanate of Kalat with its feudatories; Sind and the neighboring princely states of Khairpur and Bahawalpur; the western (Muslim-majority) districts of the Punjab (first renamed West Punjab but recently called simply Punjab); the eastern (Muslim-majority) districts of Bengal with the Assam Muslim-majority district of Sylhet (together renamed East Bengal). In addition, the Pakistan government exercises some degree of authority in the northern and western portions of the princely state of Kashmir (in dispute with India), where Pakistan troops are supporting an Azad (free) Kashmir government.

the production of wheat and other food-grains. The latter region produces surpluses of food, and much of the British Indian Army was formerly recruited from its villages.

East Pakistan, including the alluvial delta of the Ganges and the Brahmaputra, is a region of totally different character. It produces seventy per cent of the world's jute, but its rice-eating peasants do not grow enough rice for their own needs. Its tropical monsoon climate is not so healthy as that of West Pakistan, and there is a greater incidence of malaria and other diseases. Culturally, its intelligentsia, Muslim as well as Hindu, had close ties with the rest of Bengal. Bengali is its language. Although recognizing that Urdu, because of its great past among the Muslims of northern India, must become the official language of Pakistan, the Muslims of East Bengal have insisted that Bengali should be the official language of their province, and that Urdu be used only in communicating with the central government. The adjustment of relations between the working and trading people of East Bengal (with generations of Bengali patriotism and tradition behind them) and the members of the new central government services, mainly recruited from the Punjab and Sind, has become one of the major domestic problems of the new nation.

Pakistan, West as well as East, is thus overwhelmingly rural and agricultural in character, a land of thousands of villages peopled by peasant-farmers most of whom use primitive methods of cultivation. At the time of partition, industrial development was just beginning in the parts of India which became Pakistan. Mineral resources exist only in West Pakistan and have been neither properly explored nor developed, with the exception of one lignite coal field producing 500,000 tons annually and one oil field producing fifteen million gallons.

Prior to the end of World War II Pakistan (literally meaning "land of the pure") had been a dream and a slogan rather than a specific program. The word symbolized the thoughts and emotions of Mohammed Ali Jinnah and his Muslim League followers in their determination never to see a Hindu-dominated government supersede the British imperial regime throughout the Indian subcontinent. This meant to them the carving out of some kind of separate state, predominantly Muslim. That idea had been in the minds of the Muslim students in England who,



influenced by the thought of the poet Iqbal and other Muslim intellectuals, first talked of Pakistan in the early 1930's. The concept of Pakistan was expressed succinctly in the famous Lahore Resolution of the Muslim League in 1940:<sup>2</sup>

Resolved that it is the considered view of this session of the All-India Muslim League that no constitutional plan would be workable in this country or acceptable to the Muslims, unless it is designed on the following basic principles, namely, that geographically contiguous units are demarcated into regions which should be so constituted, with such territorial readjustments as may be necessary, that the areas in which the Muslims are numerically in a majority, as in the north-western and eastern zones of India, should be grouped to constitute "independent States" in which the constituent units shall be autonomous and sovereign. . . .

This resolution reflected a vast increase in the gulf between the Muslim League and the Congress party which had first become apparent in the 1920's. The League members who met at Lahore in 1940 were convinced that Muslims had suffered unjust discrimination in many of the provinces where Congress party ministries were in power from 1937 to 1939, and that the events of those two years were a mere foretaste of what Muslims could expect after the war if the Congress party took control of the government of an independent India.

The war years, with their abnormal political conditions and with nearly all Congress politicians in detention, gave Jinnah an excellent opportunity to build up the League. In 1942 the so-called Cripps Offer, which was rejected by all the important Indian parties, envisaged the partition of India by holding out to dissatisfied provinces the prospect of "contracting out" of the proposed new Indian Union. In this atmosphere, the vision of Pakistan exercised an ever widening emotional appeal to Indian Muslims and increasingly baffled all attempts to solve the Indian problem within the framework of a politically united India.

As Indian political affairs passed from crisis to crisis in 1945 and 1946, Jinnah was constantly pressed to give some precise

<sup>2</sup> *The Indian and Pakistan Year Book and Who's Who, 1949* (Bombay, Times of India), p. 514.

definition to Pakistan. He had hitherto talked in rather vague and broad terms, leaving the impression that the League claimed for Pakistan all the Muslim-majority provinces and princely states (thus including the whole of Punjab and of Bengal). He also implied that, as the Hindu-majority province of Assam would consequently be geographically isolated, it too should be added to Pakistan.

In the spring of 1947, when it was apparent that the "interim" national government formed in September 1946 under Pandit Nehru and later composed of both Congress and League leaders was becoming more and more unworkable, Jinnah became willing (for the sake of a speedy and peaceful settlement) to abandon his demand for the whole of the Punjab and Bengal and to consider carving out Pakistan on the much narrower basis of Muslim-majority districts. This brought the idea of a separate Muslim-dominated state within the bounds of reality. The newly appointed Viceroy, Lord Mountbatten, proceeded with the plan to carry out partition swiftly in order to avoid the possibility of a complete breakdown of orderly administration in India.

When August 15, 1947 was chosen as the date of the withdrawal of British authority, Lord Mountbatten and his advisers felt reasonably confident that both the Punjab and Bengal could be partitioned without major disturbances. A tragedy of the proportions that developed in the Punjab—with two hundred thousand or more casualties<sup>3</sup> and the displacement of at least ten million people—was not then anticipated. Nor was it expected that the disposition of the predominantly Muslim princely state of Kashmir would within a few weeks prove so serious a bone of contention between the governments of the two newly independent "dominions"—India and Pakistan. The Viceroy's decision to transfer power as early as mid-August subjected him to severe criticism, especially in Pakistan, on the ground that a somewhat later date would have given adequate time to prepare against outbreaks of violence.

In considering what happened in the parts of India which became Pakistan after August 15, one should bear in mind that even had the disturbances in the Punjab and the dispute over Kashmir not occurred, the difficulties of inaugurating a state composed of two blocs of territory so distant from each other

<sup>3</sup> There is no agreement as to casualties. Some estimates reach 500,000.

would have been very great. Circumstances decreed that the new government of the new India was much more truly the successor of the old "Government of India." True, the plan laid down in the Indian Independence Act of July 1947 was the same for both India and Pakistan. To avoid a myriad of legal and procedural difficulties, both nations, though "independent dominions" completely free of any subordination to Britain, were to operate within the framework of the existing India Act of 1935 except as altered by "orders-in-council" issued by the governor-general of either dominion on the advice of the respective dominion cabinets. Nevertheless, the new government of India was seated in New Delhi. Its staff was dislocated, but not greatly depleted; the administrative machinery went on much as before.

A government for Pakistan had to be improvised at Karachi, the capital city of Sind which was chosen as the capital of the new nation. This government's personnel problems were initially tremendous, not only because of the sheer lack of equipment, but because Muslims had formerly filled a comparatively smaller proportion of clerical and other essential minor administrative posts in British India. Moreover, the Pakistan Constituent Assembly, consisting chiefly of Muslim Leaguers who had been elected to, but had never sat in, the Constituent Assembly planned for a united India, had to be organized as an interim Pakistan legislature at Karachi. To these formidable problems were added those stemming from the differing needs of the new nation's eastern and western portions and from the fact that its two most populous provinces, West Punjab and East Bengal, were new administrative units attempting to function in conditions of extreme confusion.

Under these very severe handicaps, men who had previously been prominent in a political party dominated and fired by the enthusiasm of the Leader (Qaid-i-Azam), Jinnah, set about building the most populous Muslim state in the world. Their behavior could hardly fail to be influenced by their passionate conviction that some of their former opponents, the Indian Congress party leaders (who had accepted partition only as an alternative to civil war), would do their utmost to prove Pakistan unworkable and to pave the way for its absorption into India within the near future.

In considering their achievement, one notes at once that

Pakistanis have had to deal with one immediate practical problem after another. Less urgent matters have been allowed to wait. For example, little or no work was done on a new constitution; the Pakistan government remained very much of an administrative bureaucracy, retaining of necessity a number of British personnel in its most important posts. There was little organized political life. In order to insure the cohesion of the new state, Jinnah felt it necessary to violate British dominion traditions by becoming governor-general, a post normally above local politics and held by a distinguished public figure expected to act as a ceremonial "head-of-state."

In fact, the Muslim League, under its Leader, virtually became the government. Because of Jinnah's domination over all League policies, no cabinet could function wholly in accordance with the conventions of the British cabinet system until his death on September 11, 1948,<sup>4</sup> nor could the handful of non-Muslim-Leaguers (most of whom were Hindus) in the interim legislature be expected to assert themselves (to say nothing of forming anything analogous to a normal parliamentary "opposition") until a later stage in the new nation's development. In the economic field most attention had to be given to the selling of Pakistan's raw materials (notably jute and cotton) abroad.

By far the greatest achievement of the early period was the establishment of the new state on a politically stable basis within boundaries fixed by a Boundary Commission headed by Sir Cyril Radcliffe. True, the Muslim refugees from India have not all been resettled, but no responsible observer long felt that the refugee problem threatened Pakistan with disaster. Within a few months of the great upheaval in the Punjab in the autumn of 1947, order had been re-established. Pakistan's share of the refugees, reliably estimated to be at least five million, were organized in camps for gradual resettlement. To this work British personnel, the International Red Cross, and other foreign relief organizations made a significant contribution, but the bulk of the work, done after the well-laid plans for India-Pakistan co-operation had completely broken down, fell to the two newly formed dominion governments.

No sooner had the urgency of the refugee problem in the

<sup>4</sup> He was succeeded as governor-general by Kwaja Nazimuddin, prominent in Bengal politics before and after partition.

Punjab somewhat abated than a similar problem of less alarming proportions appeared in Bengal. Here, as the year 1948 went by, thousands of Hindus started to move out of the Muslim-majority districts in Pakistan into the Hindu-majority districts in India. By the late autumn of 1948, the establishment of "minority boards" to adjust grievances, and the visits and exhortations of high officials on both sides of the boundary, had succeeded for the time being in stemming this exodus. At the end of the year, the Hindu and other non-Muslim minority communities in both West and East Pakistan appeared stabilized. Their leaders were reassured by statements from Karachi that the new Pakistan constitution, when passed, would not set up a theocratic state in which Muslim citizens would have rights not legally accorded to other citizens.

In the domestic field, the achievement next in importance to that of re-establishing order was the gradual disentanglement of Pakistan from the former "all-India" economy. This was the accomplishment of the few scores of civil servants on both sides who, despite tensions heightened by the Kashmir dispute, worked during the last half of 1947 at the formidable task of separating "Pakistan" assets and liabilities from "India" assets and liabilities. As a result of their work it appeared, much to the regret of many foreign observers, that Pakistan was to be more cut off from India than had previously been expected.

This division was particularly striking with respect to communications. The Punjab disturbances completely disrupted normal rail traffic between West Pakistan and India. Interchange of freight and passenger equipment was not re-established. In East Pakistan, there was less sharp cleavage between the two railway systems. Nevertheless, the systems, both government-owned, were rigidly divorced from each other. In shipping, the Pakistan government had decided to build up Karachi, to found a new port in the Ganges delta to take off some of the jute, and to expand the facilities at Chittagong to take off the rest.

Little progress could be made with these schemes in the first months of independence, but it is significant that, apart from a small amount of communication by air, the two parts of Pakistan had contact with each other mainly by sea. In telecommunications, Pakistan developed its own facilities and made itself independent of Bombay for wireless telephonic communication



with Europe. In customs and tariff policy Pakistan went its separate way, alleging that India, by refusing in the summer of 1947 to consider any plan of customs union whereby Pakistan would share duties levied at all former British-Indian ports, forced Pakistan to set up a customs frontier. It was, however, well known that long land frontiers between the two dominions were no barrier to smuggling.

In public finance the two governments achieved perhaps the greatest degree of co-operation, especially after Gandhi in January 1948 insisted that India should not use the Kashmir dispute as an excuse for delaying payment of Pakistan's share of the cash balances of the former government. The timing of releases from Pakistan's share (approximately 17.5 per cent) of the sterling balances that had been accumulated in London during the war to the credit of the former government of India; the replacement of the former Reserve Bank of India by two state banks; the institution of separate Pakistan currency and stamps; and numerous other matters had to be carefully worked out, over many months, often in consultation with British officials who had served the former government either in London or New Delhi.

By the end of 1948, a separate financial system for Pakistan was functioning smoothly, despite the strains put upon it by unexpectedly heavy military and refugee expenditures. The Pakistan State Bank opened on July 1, 1948 with a paid-up capital of thirty million rupees. British Indian rupee notes issued before partition were steadily called in and replaced by Pakistan rupee notes. The treasury was operating in accordance with a first annual budget, based on an expected expenditure of Rs.506,000,000 for the year April 1, 1948-March 31, 1949, and providing for new indirect taxes designed to wipe out a deficit of Rs.101,000,000. The government-owned railways and postal and telegraph system (not included in the above figures) were expected to pay their way and yield a slight surplus. Funds provided by government borrowing (Rs.705,000,000 from two loans subscribed by the public) made the treasury's cash position easy, helping it to meet the heavy military expenditure (budgeted at Rs.352,000,000) and to support the provinces in meeting their heavy refugee expenditure (e.g., Rs.31,000,000 in the Punjab, October 1947-June 1948).

Up to the beginning of 1949 nearly all the energy that the Pakistan government could spare from the job of making the Pakistani state a going concern, and building up exports of jute, cotton, hides, and skins to attain a favorable balance of trade, went into the Kashmir dispute. As the history of this dispute appears elsewhere in this volume (pp. 471-3), it suffices to indicate here the ways in which Kashmir influenced Pakistan's relations with India and adjacent countries.

From the strictly military point of view, Pakistan, because of the dispute, had to cope with two major military problems rather than one. In pre-independence days, not only had the North West Frontier region been economically a deficit region, but heavy military expenditure on the frontier had been one of the most severe strains on the public finance of the Government of India. Pakistan, possessing far less than half of the former government's armed forces and an even smaller proportion of its economic strength, inherited the problem of keeping order in one of the world's most unruly "frontier" areas. The fact that the frontier tribesmen were "fellow-Muslims" and that units of the British Army were absent hardly compensated for the smaller military potential.

On top of this military responsibility, the Pakistan government felt obliged to supply military support to keep as large a portion of Kashmir as possible from coming under India's *de facto* military occupation after the maharajah of Kashmir acceded to India. The question of precisely when Pakistan forces officially took their place inside Kashmir alongside the pro-Pakistan "Azad" Kashmir force and the Muslim tribesmen flocking to its standard remains a subject of controversy. But there is no doubt as to Pakistan's steadily mounting military expenditures in the months before the "cease-fire" was agreed upon under United Nations auspices at the end of 1948.

From the psychological point of view, the dispute bears heavily upon Pakistan. Kashmir is unquestionably a Muslim-majority region within the confines of the former "Indian Empire." Its permanent attachment to India would be regarded by most influential Pakistanis as undermining the basis on which the existence of Pakistan itself rests. Hence during the whole of 1948 Pakistan devoted nearly all the time and talents of its foreign minister, Mohammed Zafrullah Khan, to the presentation of its

Kashmir policy in the United Nations and before the world at large. Apart from the admission several months after the dispute began that Pakistan was officially aiding the "Azad" Kashmir government, that policy remained unchanged. The policy was based on the assumption that the majority of Kashmir's adult population, if unintimidated by the presence of Indian armed forces and immigrants from outside, would vote for accession to Pakistan.

Preoccupied with the "frontier" problem and Kashmir, Pakistan's hastily established foreign ministry was unable in the first year of independence to assume the prominent position in the affairs of the Muslim world which had been expected. In this field, apart from giving full support to the Arab case on Palestine in the United Nations, Pakistan did little more than establish diplomatic contact with other predominantly Muslim independent states and conclude trade agreements with some of them. A start was made by founding in Pakistan societies for cultural co-operation with Iran, Iraq, Egypt, Syria, and Turkey. Pakistan neither sought nor desired to thrust itself at so early a stage in its history into the forefront of Middle Eastern politics.

The Pakistan government likewise refrained from frequent pronouncements on the broader aspects of world affairs. Beyond emphasizing the theme that Pakistan was "peace-loving" and desired friendship with the U.S.S.R. as well as with the rest of the world, Pakistanis were little disposed to comment publicly on the increasing estrangement between the Soviet Union and the West. Pakistan, however, did not feel the same need as India to stress her "neutrality" with respect to the two world-power "blocs."

Circumstances, in fact, seemed to align Pakistan more closely than India with the West. On account of the lag in the inauguration of a new constitution, Pakistan was not compelled to redefine its position in the British Commonwealth, and the continued employment of British officers in the army and civil services led foreigners to suppose that Pakistani-British relations after independence were closer than Indian-British relations. Moreover, Pakistanis did not refrain from stressing the incompatibility of Communism with Islam, or from reminding Western Europeans and Americans that Pakistan remained virtually free of Communist agitation or infiltration. During 1947-8

Pakistan gave full support, along with India, to all "anticolonial" causes. In these matters, her policy toward the Netherlands on the Indonesian issue and toward South Africa on the issue of racial discrimination exactly paralleled that of India.

American policy toward Pakistan has been characterized from the outset by a desire to promote the continued stability of the Indian subcontinent. Every effort was made in 1947-8 to indicate that the United States regarded both new dominions as equals and desired friendly relations with both. Steps were taken at once to set up an American embassy at Karachi, and later to establish consulates at Lahore and Dacca. The promotion of its exports to the dollar area is of major importance to Pakistan. As Pakistan's plans for industrial progress develop, greater American participation may be expected. In the Kashmir dispute, no direct American interest was involved and American efforts throughout 1948 were devoted to supporting in the United Nations the measures that resulted in the "cease-fire" at the end of the year.

On January 1, 1949, the Pakistan prime minister, Liaquat Ali Khan, and his colleagues approached the new year with much greater confidence than they had at the end of 1947. Their state was established and in no danger of foundering. Pakistan had even survived the death of the leader who had made it a reality. Except in Kashmir, its boundaries were definitely fixed by the accession of the predominantly Muslim princely states of Dir, Swat, Chitral, and the Baluchi khanate of Kalat (with its feudatories on the northwest frontier), the state of Khairpur in Sind, and the large arid state of Bahawalpur on the border of Rajputana. A Pakistan capital had been set up at Karachi and the central government's control over the provincial governments, especially in Sind, had been strengthened. The achievement of a "cease-fire" with India in Kashmir at least lessened the serious drain of military expenditure and gave an opportunity both to frame a constitution and to consider less urgent problems that had necessarily been neglected during the first months of Pakistan's existence.

In January 1950 it could hardly be said that this opportunity had been much used. The year 1949 began with high hopes that a progressive lessening of tension between India and Pakistan would open the way to increasing co-operation between two

new nations economically complementary to each other. The year ended with the tension at a higher point than before, with trade between the two countries virtually at a standstill, and with forewarnings of a recrudescence of communal strife in Bengal soon to be accompanied by new migrations of thousands of families from their ancestral homes to refugee camps.

Despite the agreement for a "cease-fire" in Kashmir, the United Nations Commission had no success in working out truce proposals satisfactory to both India and Pakistan. In fact, a definitive "cease-fire" line was not fixed along the whole eight-hundred-mile front until August 3, 1949. The fundamental difficulty about arranging a truce lay in the incompatibility of the Pakistan and Indian views as to the conditions precedent to a plebiscite. The Indian view was that the Pakistan and "Azad" forces were invaders who should completely withdraw; the "local authorities" should then operate under the India-sponsored government of Sheikh Abdullah, which in its turn would be subject to arrangements for a plebiscite under the proposed plebiscite administrator, Admiral Chester W. Nimitz.

The Pakistan view was that the Pakistan and "Azad" forces should not be disbanded prior to the withdrawal of the "bulk" of the Indian forces, that there should be a carefully synchronized withdrawal of the forces both sides agreed to withdraw, and that the "local authorities" on both sides should operate under the plebiscite administrator. By mid-August 1949, the United Nations Commission concluded that there was no prospect of agreement in a joint conference of representatives of the two governments. On August 30 President Truman and Prime Minister Attlee urged both governments to submit certain points of interpretation to arbitration. The Pakistani government agreed, but the Indian government refused, subject to further clarification of the procedure.

The United Nations Commission returned from Kashmir and reported to the Security Council that all its efforts toward a truce had proved fruitless. During the winter, General McNaughton of Canada made more than one earnest effort to evolve a formula satisfactory to both governments, but failed. To counteract the increasingly serious effect of bellicose statements on both sides, Pandit Nehru offered to agree to a joint declaration that neither government would resort to war. The year ended



with discussions at Lake Success, Karachi, and New Delhi as to the wisdom of making a new approach to the whole problem through agreement to abide by the decision of an individual mediator appointed by the United Nations.

Because of this dispute, any possibility of the two governments' agreeing about other matters at issue between them vanished in the middle of 1949. Pakistan's foreign relations were further embarrassed by an intensification of a quarrel with Afghanistan over the tribal areas along the North West Frontier. This quarrel assumed serious proportions on June 12 when a Pakistan plane, patrolling the frontier, dropped bombs on a tribal gathering. With respect to this particular incident, both the Afghan and the Pakistan governments agreed upon a commission of inquiry. When the commission found that the bombs had been mistakenly dropped just within Afghan territory, the Pakistan government agreed to pay compensation, and the matter was closed.

The incident sufficed, however, to feed the propaganda mills in Kabul, which kept up a constant agitation on the issue of the future of the tribal areas. Article after article appeared emphasizing the Afghan refusal to accept the famous Durand Line of 1893 as the boundary. On October 20, press dispatches reported the meeting of a "National Assembly of Pushtunistan" which called upon all Pushtu-speaking peoples in the "administered" as well as the "unadministered" areas<sup>5</sup> of Pakistan's North West Frontier Province to assert their independence. The setting up of a government for Pushtunistan was announced from Kabul on November 2, 1949. Though Pakistan was able to maintain its authority in the area, this propaganda obliged it to deny the Kabul charges by offering evidence of tribal support for Pakistan.

The whole affair increased friction with India. Charges that the Nehru government in India officially supported the Faqir of Ipi (an important tribal chieftain, for many years an enemy of the British, and recently in open rebellion against the Pakistan authorities) were revived but were denied in New Delhi. India's action in negotiating for a treaty of commerce and amity with

<sup>5</sup> On the North West Frontier the term "unadministered" is applied to territory where a great deal of tribal autonomy is allowed, subject only to supervision by "political agents" sent by the Pakistan government.

Afghanistan was denounced in the Pakistan press as intended to encourage Kabul to continue its "propaganda war" with Pakistan.

Lesser causes of the increasing friction between Pakistan and India during 1949 fall under three heads: canal waters, evacuee property, and currency devaluation. In general, it may be said that, until July, discussion between representatives of the two governments sometimes proceeded in a reasonably amicable manner. After July even this became impossible. The two governments drifted into economic isolation from one another, each step by one being countered by a retaliatory step by the other.

In the spring of 1949 the disputes over canal waters and evacuee property became acute. The Pakistan government accused the Indian government of refusing to recognize the Punjab rivers as international waterways. A conference on the subject met in early August, but broke up without agreement. At the end of the year, Pakistan continued to claim that India's ability to divert canal waters was having a serious effect on the productivity of the Punjab.

The evacuee-property dispute was much more complicated. The object of both governments was to evolve some system whereby property left behind by Hindus who had fled to India might be offset against property left behind by Muslims who had fled to Pakistan. The Pakistan government contended that the two governments entered into discussions on this subject on the understanding that the arrangements for transfer and exchange would only apply to the area of maximum disturbance in 1947; i.e. the Punjab.<sup>6</sup> Karachi's view was that the Indian government by extending its "evacuee-property" ordinance and thus affecting Muslim evacuee-property in such undisturbed areas as Bombay violated this understanding. Pakistan therefore, in the early spring of 1949, issued retaliatory ordinances affecting Hindu property, especially in Sind. Neither government gave way on the issue during the year; much intangible property remained blocked, and much tangible property was alleged to remain in unauthorized hands.

Doubtless each government, with the increasing acerbity of the Kashmir dispute, would have multiplied trade restrictions against the other, but this process was greatly accelerated by

<sup>6</sup> In January 1949 an "agreement" was arrived at, but it covered urban property only.

their opposite policies after the devaluation of the British pound on September 18, 1949. In this matter, the Pakistan government claimed that the Indian government was committed to prior consultation with them. What actually happened was that the Indian government immediately followed Britain, devaluing the rupee in the same ratio as the pound, while the Pakistan government refused to devalue at all.

In acting in this manner, the Pakistan government followed the advice of economic experts, and consultation with India would, in all probability, not have changed the decision. What weighed with the Pakistan finance minister and his colleagues was Pakistan's favorable trade position vis-à-vis the dollar area, particularly Pakistan's position as the world's greatest producer and exporter of raw jute.<sup>7</sup> At that time, the arguments for maintaining the value of the Pakistan rupee seemed so peculiarly strong as to outweigh the confusion consequent upon placing differing values on the rupee, a unit that of course had had for some decades a uniform ratio to the pound sterling. The Indian authorities retaliated by refusing to recognize the new and higher exchange value for the Pakistan rupee.

The immediate result of this quarrel over devaluation was great economic confusion in East Bengal. There was dispute as to exactly what jute had been contracted for before devaluation, and great reluctance on the part of Indian purchasers to pay for jute in terms of Pakistan rupees. Within weeks the movement of Pakistan jute to Calcutta processing factories was officially at a standstill. Pakistan officials were claiming that Pakistan would soon have new jute factories to process some of the jute and that meanwhile the export of raw jute from the newly expanded port of Chittagong would be intensified. Indian officials called attention to increased production of jute on the India side of the boundary and held that existing stocks of unprocessed jute were sufficient to enable Cucutta jute-processors to withstand an economic war of attrition with Pakistan. Meanwhile, many peasant jute-growers, caught in an economic dilemma they did not fully understand, were desperately trying to smuggle their jute out northward into Assam, as well as southward toward Calcutta.

The impasse in jute quickly caused an impasse in all the commodities that entered significantly into Indo-Pakistan trade, except

<sup>7</sup> He was also influenced by inflation in East Bengal.

milk, fruit, and other perishable foods. The inter-dominion agreements concerning cotton cloth and raw cotton were in effect nullified during the autumn. Coal was the final casualty and, with the cessation of coal exports from India to Pakistan in December, trade, except for the perishables named above, ceased between Pakistan and India.<sup>8</sup> As the year ended, neither passengers nor goods could be "through-booked" either between points in West and East Bengal, or across East Bengal from one destination in India to another. The reason for this was that the two governments could not agree on a method of bookkeeping for rail-transit fares, which involved payments in the two differently valued currencies.

Despite this steady deterioration of relations with India, it can hardly be said that the government of Pakistan was appreciably less stable at the end of 1949 than it was at the beginning. The cabinet, headed by Jinnah's second in command, Liaquat Ali Khan, remained in office. There was no reshuffling of portfolios of any consequence, and the central government, faced with serious political strife in Sind and the West Punjab, acted with vigor to assert its authority over the provinces. During the year the plan to make Karachi the national capital was carried out. (The Sind provincial capital was to be moved from Karachi to the city of Hyderabad, in the same province.)

In the West Punjab, the central government, invoking Section 93 of the India Act of 1935, ordered the governor to dismiss the provincial assembly and take over the administration, pending new elections. Thereupon the ousted premier, the Khan of Mamdot, accused of misappropriation of public money and favoritism in land distribution to refugees, proceeded to gain control of the provincial Muslim League. The government accepted this challenge and, at the end of the year, was making headway in re-establishing its position within the League.

In Sind two premiers were ousted, and new cabinets formed. A bitter struggle broke out in the province over the issue of land reform. The bulk of the peasantry in Sind is landless. The Hari Committee, set up in 1947 under Jinnah's direction, was charged with submitting proposals for land reform to the provincial authorities. The Sind government, under the influence of the

<sup>8</sup> In February 1950 Pakistan withdrew support from India's anti-South African policy and turned to South Africa for coal.

large landholders, published the majority report of this committee recommending minor reforms (which left the system of large landed estates much as it had been); it refrained from giving publicity to a dissent of the fourth member of the committee, Mr. Masud, until months of press agitation finally resulted in the publication of this dissent. Masud advocated a detailed scheme for the liquidation of large estates and distribution of land among the peasants. The Muslim League was then compelled to face this issue and to set up an agrarian reforms committee that condemned the feudal aspects of land ownership but made recommendations of a less radical nature. It proposed abolition of the hereditary *jagirs* (very large landed estates) and a maximum for individual holdings of 150 irrigated (or 450 nonirrigated) acres of which not more than 25 could be cultivated by the owner himself. This was approved by the Muslim League Working Committee but bitterly opposed by the Sind landlords led by M. A. Khuhro. At the end of the year, Khuhro, formerly premier but disqualified from holding public office for three years as a result of judicial proceedings against him, was leading the opposition to the government in the Sind Muslim League Council. It was expected that the abolition of *jagirdari* would be carried out, but that the recommendations as to limitations of holdings would be somewhat modified. The East Bengal provincial Assembly passed a State Acquisition and Tenancy Bill (including provision for limitation of holdings) in the autumn of 1949.

These political quarrels in Sind and the Punjab, necessitating interference by the central government, were thought by many observers to foreshadow in the near future the appearance of an organized opposition to the government in the "interim" central legislature and the writing into the new constitution of provisions even further curtailing the powers of the provinces. It became more and more clear during 1949 that the Muslim League organization built up by Jinnah was breaking down; that the League and the government were no longer the same thing; and that the rifts in the League at the provincial level might be expected to have important consequences when a new constitution become operative.

The government's control of the all-Pakistan Muslim League Council of 450 members appeared to be threatened by



opposition from both the "left" and the "right." A rising leader of the left was Iftikharudin, a young Oxford graduate and ex-provincial minister, who pleaded the cause of the refugees throughout 1949. On the right were the Muslim orthodox divines who were very vocal in urging the endorsement, as the law code of Pakistan, of the traditional body of Muslim law known as the *Shariat*. Reports appeared during 1949 that those at work on the constitution were thinking very much in terms of greater centralization of government in West Pakistan. This is natural, as the exact pattern of the provincial units in the northwest has lost much of its *raison d'être* with partition, and it is not likely to be forgotten that much of the area was administratively united during most of the nineteenth century.

During the year various committees of the Constituent Assembly were said to be making progress on the constitution, but nothing was publicly divulged about it except what could be gleaned from an "objectives resolution" passed in March. This foreshadowed a democratic parliamentary system buttressed by a bill of fundamental rights, a guarantee of religious freedom to minorities and "adequate provision" for minorities' "legitimate interests." The only references to Islam were in the preamble and in these clauses: (a) "the principles of democracy, freedom, equality, tolerance, and social justice, as enunciated by Islam, shall be fully observed" and (b) "the Muslims shall be enabled to order their lives in the individual and collective spheres in accord with the teachings and requirements of Islam as set out in the Holy Quran and the Sunna."

In the Constituent Assembly of seventy members, ten of the thirteen Hindu members (presumably all those present) voted against the preamble, which included the words "in the name of Allah, the Beneficent, the Merciful." In the debate extreme speeches were made on both sides—one or two Hindu members accusing the government of attempting to set up a theocratic state ruled by a master race, and one or two fanatically orthodox Muslims wishing to deny non-Muslims any rights in framing the policy of the state or holding important government offices. The spokesmen for the government were, for their part, most forthright in asserting that the rights and privileges of non-Muslims would not differ from those of Muslims.

This debate somewhat strengthened the confidence of the minorities in the government, with the Christians and scheduled-caste Hindus ("untouchables") being better satisfied than the groups that gave wider support to the Congress party in pre-partition times. In practice, former Congress members, not in the scheduled-caste category, have been excluded from all participation in the Pakistan government except membership in the legislatures, while scheduled-caste Hindus and other non-Muslims have received special favors from the government in the form of educational grants and "reservation of posts" in the services. It is also noteworthy that J. N. Mandal, the only non-Muslim cabinet minister<sup>9</sup>, was not a member of the Congress party, but of the Scheduled Caste Federation before independence.

There was no indication in December 1949 that a draft constitution for Pakistan would soon be issued, and hence no early prospect that Liaquat Ali Khan's ministry would have to submit its record in office to the verdict of an electorate based on adult suffrage. It seemed probably that Pakistan would remain in the Commonwealth, but the government officially announced its intention of dispensing with British personnel (except in a very few highly specialized posts) at the earliest possible date.

In the economic field, the Pakistan government at the end of 1949 appeared to have withstood the adverse effects of the progressive diminution of India-Pakistan trade. The principal factors that enabled it to do so were the exportable surplus of raw materials that were good "dollar-earners," Karachi's continued ability to float government loans, and the country's ability to purchase essential commodities (e.g., coal and textiles) outside India. Some appreciation of the problems involved in the paralysis of trade may be gained by recalling that India's normal minimum requirements from Pakistan were five million bales of jute, 650,000 bales of cotton, 2,700,000 pieces of hides, 365,000 tons of gypsum, and 74,000 tons of rock salt, approximately valued (in pre-September 1949 rupees) at Rs.914,000,000; while Pakistan's normal requirements from India in textiles, tea, processed jute, tobacco, cotton yarn, leather, and vegetable oils were

<sup>9</sup> Mandal's resignation from the Pakistan cabinet was reported in October 1950.

valued at Rs.450,000,000. Therefore, important as it was to Pakistan's economic stability that its annual exports to hard-currency areas exceeded its imports by approximately a hundred million rupees, much depended on Pakistan's ability to sell abroad the bulk of the jute and cotton formerly marketed in India.

The excess of exports to India over imports from India was a very important aspect of Pakistan's over-all balance-of-trade position. Considerable illegal movement of goods (especially jute) over Indo-Pakistan frontiers, despite the trade restrictions enjoyed by both governments, perhaps tended to mitigate the situation. As of December 1949, Pakistan's economic stability did not seem gravely threatened by the economic warfare with India. Nevertheless, it was very hard to see how cessation of nearly all trade between the two nations for a prolonged period could fail to have serious consequences for both.

When the Pakistan budget figures were studied, somewhat similar conclusions emerged. In February 1949 Ghulam Mohammed, the finance minister, had presented the estimates for the fiscal year 1949-50 on the basis of a revenue budget virtually in balance: revenue of approximately Rs.700,000,000 was to exceed expenditure by Rs.600,000. But he forecast additional expenditure on capital account of Rs.407,500,000. It was such capital expenditure, financed by the flotation of loans and sale of treasury bills, that made the assessment of Pakistan's over-all financial position difficult. The fraction of this capital outlay which went into industrial development schemes or permanent public works was bound to be small.

Most of these funds were spent in ways that differed hardly at all from the heads of expenditure in the "revenue budget." For example, Rs.271,300,000 on capital account were earmarked for "defense." Since Rs.472,200,000 were allocated to the heading "defense" in the revenue budget, the finance minister on February 28, 1949 was really prophesying that Pakistan would spend before April 1, 1950 Rs.743,500,000 on defense, a sum larger than the whole annual revenue of the state. Since the central government had forbidden the provinces to borrow, another sizable slice of the sums raised by loans went to meet the deficits in provincial budgets (occasioned largely by refugee costs). Therefore, the fact that the 1948-9 and 1949-50 revenue budgets

showed surpluses—encouraging though it was and creditable to Ghulam Mohammed—did not mean that the new nation had successfully weathered the financial storms and would sail in ever calmer waters during 1950.

The budget figures (both on revenue and capital account) for August 15, 1947–March 31, 1950 indicated that since independence Pakistan had raised approximately Rs.1,500,000,000 in revenue and spent at least Rs.2,600,000,000. The first series of Pakistan loans was offered in February 1948 in three forms: 2.75 per cent bonds 1953–4, 3 per cent bonds 1960 and 1968, and 1.5 per cent income-tax-free bearer bonds 1958. These brought Rs.490,700,000 into the Treasury. A second series, floated in the autumn of 1948, yielded Rs.215,000,000, making a total for the year of Rs.705,700,000. In his budget speech of March 13, 1950, Ghulam Mohammed announced that the government's cash position was so favorable that it had not been necessary to float any new public loans in 1949. He said that at the request of investors, the government had reopened subscriptions in February 1950 and had already received one hundred million rupees. He also announced that capital expenditure for 1949–50 would reach Rs.351,600,000 (about Rs.56,000,000 less than his estimate in March 1949), and that the 1949–50 surplus on revenue account would probably reach Rs.2,300,000. For 1950–1 he prophesied a capital expenditure of Rs.365,000,000 and a surplus of a million rupees in the revenue budget. He hoped to hold the defense expenditure item in the revenue budget down to Rs.500,000,000 (the actual expenditure on this head in 1949–50 was Rs.509 million). On the assumption that at least Rs.250,000,000 of the capital expenditure would go for defense, Pakistan in 1950–1 would still be spending for defense alone approximately Rs.750,000,000 on revenue and capital account together, a sum larger than the annual revenue (including the small profit on the operation of the railways, posts, and telegraphs).

It would appear that the most important factor in Pakistan's economic position is the confidence of the propertied classes in their new nation. This enthusiasm, coupled with a favorable trade balance with hard currency areas, an excess of sterling earnings over sterling expenditures, and the availability of re-

leases from sterling balances in London, enabled Pakistani statesmen in 1948 and 1949 to confound the pre-partition critics who had called Pakistan an economic impossibility.

The year 1949, like 1948, was a period of planning new economic development schemes rather than of carrying them out. The government's Development Board authorized an outlay of Rs.130,000,000 on fifty-two schemes. The finance minister announced in the spring that Pakistan welcomed foreign capital, and would facilitate the remission of profits to foreign investors. Only munitions factories, hydroelectric plants, and supply plants for the railways, posts, and telegraphs were to be state-owned. Normally, Pakistan nationals would be expected to hold at least a fifty-one per cent interest in enterprises concerned with cement, coal, cotton, textiles, fish, electric power, glass, heavy chemicals, dyestuffs, preserved foods, power alcohol, shipbuilding, sugar, and tanning. In all other enterprises Pakistan nationals would normally be expected to hold at least a thirty per cent interest. In the autumn of 1949 the Pakistan government sponsored an Islamic Economic Conference at Karachi. Various speeches on this occasion stressed the Islamic injunction upon individuals to give a certain percentage of income to the poor, and the importance of measures for social welfare in Islamic political and economic thought.

Among major projects completed or nearly completed in 1949 were the Ford Assembly Plant, the Mardan Sugar Factory, and the Chittagong port improvement scheme. The Ford Assembly Plant opened on May 20 in Karachi. The largest sugar factory in Asia opened at Mardan in the North West Frontier Province in 1950. Chittagong, which handled four times the pre-partition volume of traffic in 1949, had been allocated Rs.2,200,000 for four new sets of moorings, new pontoon jetties, and four new storage sheds with a capacity of 400,000 square feet. The construction in Pakistan of four new jute factories, six textile mills, and a paper factory was well under way. Westinghouse Electric was to furnish the generators for a twenty-thousand-kilowatt station at Dargai on the North West Frontier.

Pakistan's foreign policy underwent no change during 1949. Greater preoccupation with Kashmir and Afghan affairs left even less time than formerly for other matters. Nevertheless, the diplomatic service was expanded. Pakistan supported the Arab



point of view both on Palestine and the Italian colonies. Treaties were negotiated with Iran and Iraq, and trade agreements were concluded with a large number of European states. Diplomatic relations were opened with Indonesia. The prime minister, Liaquat Ali Khan, took the opportunity of the Commonwealth prime ministers' meeting in London in April 1949 to make official visits to Paris, Rome, and the Vatican. He accepted an invitation to visit Moscow in the summer, but the trip was subsequently postponed. He made an official visit to Washington in May 1950.

Events since 1947 show that Jinnah and his followers have made a predominantly Muslim state in the Indian subcontinent a reality. They show too that this state has had an unexpected capacity to withstand the ill effects of grave commercial disorders and the Kashmir dispute. They further suggest that, given peace, this state can maintain economic and political stability; but, at the same time, they indicate the imperative necessity of lessening the tension with India.

Relations between Pakistan and India improved as a result of the visits exchanged between the two prime ministers at both Delhi and Karachi and the agreement concluded on April 8, 1950. In this agreement each government committed itself to "complete equality of citizenship, irrespective of religion, a full sense of security in respect of life, culture, property and personal honor, freedom of movement within each country, freedom of occupation, speech and worship, subject to law and morality."<sup>10</sup> The object of the agreement was to restore confidence and to stop the flight of the minority community in East Bengal, West Bengal, Assam, and Tripura by persuasion, rather than by force. Hence the agreement, instead of prohibiting migration, provided in detail for the deposit of jewelry and cash by the prospective migrant; guaranteed his right to reoccupy his land if he should return to it prior to December 31, 1950 (or ultimately to receive fair value for it); and arranged for an orderly procedure whereby his land, while he was absent from it, should be managed for him by a trustee committee of four persons (three from the minority community in each province or state plus a government civil servant as chairman).

In addition, each government agreed to keep a cabinet minister in the disturbed area. These ministers were to oversee

*New York Times*, April 11, 1950.

the work of three Minority Commissions, one for East Bengal, one for West Bengal, and one for Assam. These commissions were to consist of a provincial minister plus two members from the provincial (or state) legislature concerned. They were, in turn, to supervise the work of the "minority boards" established in 1948. In the agreement, the governments of India and Pakistan bound themselves to execute any mandate of a Minority Commission approved by the Indian and Pakistani cabinet ministers stationed in the disturbed area. If the two ministers disagreed, there was a procedure for referring their dispute to the two prime ministers.

The two governments also bound themselves to recover looted property, to impose collective fines if necessary, to set up an agency for the recovery of abducted women, to recognize no conversion from one religion to another occurring under disturbed conditions, to take measures against the dissemination of false rumors, and to set up commissions of inquiry on the causes of the disturbances.

Before the agreement was concluded, it was estimated that approximately half a million Hindus had left East Bengal and that about an equal number of Muslims had fled from Calcutta and neighboring areas during the first three months of 1950. Subsequently, the flow in both directions greatly lessened, and a conference between Indian and Pakistani journalists resulted in a marked diminution of inflammatory press propaganda. By mid-summer of 1950, communal tension in both Bengals had decreased considerably, the jute trade had begun to revive, and there seemed to be hope of progress on such questions as canal waters and evacuee property. There was, however, no precise indication as to whether the appointment of Sir Owen Dixon of Australia as mediator in the Kashmir dispute would bring that dispute to an early settlement. Such a settlement remained a necessary prelude to any real stabilization of India-Pakistan relations on a basis of friendship and mutual trust, a long-term task requiring statesmanship of the highest caliber on both sides.

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